THE MAGAZINE OF WALL STREET

JULY 9, 1932

What the Market Indicates for the Next Fortnight

By A. T. MILLER

Middle Europe on the Brink Through France's Mismanagement

By CHARLES BENEDICT and THEODORE M. KNAPPEN

After Three Years of Depression:

Outlook for Leading Companies

Appraisals of Active Bonds

C. G. Wyckoff
PUBLISHER

VOL. 50 – No. 6

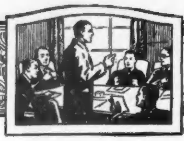
PRICE 35 CENTS

Member of Audit Bureau of Circulations

CONTENTS

Vol. 50 No. 6 July 9, 1932

The Ticker Publishing Co. is affiliated with no other organization or institution whatever. It publishes only The Magazine of Wall Street, issued bi-weekly, Adjustable Stock Ratings, issued monthly and the Investment and Business Forecast, issued weekly.



WITH THE EDITORS

Secure Income First

WE have heard a great deal of repetition, lately, of the Russell Sage principle to the effect that panics and depressions are the wise man's opportunity. It is of course true that the foundation for future wealth can most easily be laid in times of generally declining prices. Common sense dictates that if present civilization is to endure present values will ultimately rise mightily; but when the time comes to buy and buy heavily, we believe that the soundest investor will give more attention to income on his prospective holdings than to price appreciation. This is of course contrary to the philosophy of the boom era. In fact it is an opposite to a fundamental American conception which demands continuous growth as an evidence of strength—that measures worth in terms of liquidating value rather than income producing power.

On the Continent a man is said to be worth so much per year, referring to his income, while in this country when we refer to a man's worth we think of the current value of his holdings. The difference in view is perhaps one answer as to why the Europeans are better investors, in the literal sense of the term, than we are. Circumstances, however, may improve the American technique, for the early stages of recovery are not likely to be marked with broad swings and for some time income will perforce be the more attractive consideration.

From the long-term outlook, as already observed, the prospect of substantial increase in values is favorable, but even so, the investor will benefit most in that by making income the paramount consideration in either stocks or bonds.

Such a policy of course involves a critical examination of conditions confronting each industry selected for investment and the ability of a chosen company to earn sufficient under these conditions to protect the income by a reasonably safe margin.

If the prospective bondholder views the company in the same light as he would a real estate mortgage—appraising the value of the property, other liens on it, the revenue producing prospect, etc., he will be on safer ground than if he buys on what the bond should ultimately sell at in a bull bond market. Similarly, the stockholder should assume his commitment with the same confidence as any partner in an enterprise. One does not enter a business firm with the idea of selling out his interest at a larger figure at some near future time, but only with the objective of deriving income from the profits of the organization.

That must be the attitude of the prudent security buyer in the months to come. Make sure of income. If it is fair and secure, increasing value of principal over a term of years will prove no disappointment.

In the Next Issue

A World Monetary Crisis Impends

By Harold Fisher

Head of Mark Fisher Sons & Co., Ltd.

This remarkable article gives a clear insight into the gold and currency problems of the world. It discusses the possibility of financial collapse in leading nations, envisages the resulting inflation and commodity boom and points to the probable remedy.

What Politics Will Do to Business

A straight-forward comparative analysis of the two Presidential candidates and the platforms of the major parties from the standpoint of their business and security implications.

By John D. C. Weldon

Branch Factories Abroad a Fiasco in Over-Expansion

By Theodore M. Knappen

No business man or investor, particularly if he holds securities in a company with foreign branches, can afford to miss this article.

When Gold Dust Was Legal Tender

In the pioneering days of 1866—when gold dust was accepted as legal tender—a great enterprise was undertaken—the illumination of the Western frontier. To accomplish this task the Denver Gas Company was incorporated.

Giant strides have been taken in the intervening years. Out of them has evolved Public Service Company of Colorado, now one of the 150 progressive and prosperous subsidiaries of the vast Cities Service organization.

From a modest beginning, Public Service Company of Colorado has grown amazingly until it is now the largest gas and electric company in the state. In 20 years its electric sales have increased 600%—from 35,000,000 to 273,000,000 kilowatt hours annually. Gas sales have increased 500% to 6 billion cubic feet annually.

The growth of Cities Service Company has been no less remarkable than the growth of its Colorado subsidiary. Expansion has continued from year to year until Cities Service is today recognized as a leader in three essential industries—electric light and power, petroleum and gas.

HENRY L. DOHERTY & COMPANY

60 Wall Street — New York City

Branches in principal cities

HENRY L. DOHERTY & COMPANY,
60 Wall Street, New York, N. Y.
Please send information about Cities Service Company.
Name ....
Address .... (068-18)

LISTEN IN—Cities Service Radio Hour—a program of variety music with Countess Alvani, the Cavaliers and the Cities Service Orchestra. Fridays, 8 P. M. Dayight Saving Time—WEAF and 37 N. B. C. Associated Stations.

E. Kenneth Burger
Managing Editor

C. G. Wyckoff
Publisher

Theodore M. Knappen
Associate Editor

Investment and Business Trend

The Issues Are Joined—Reparations Not Vital—Unemployment Relief—Best Minds Must Govern—The Market Prospect

THE ISSUES ARE JOINED

THE Democratic platform has a great advantage over the Republican platform as a campaign document in that it is brief, concise and amazingly clear-cut. We suspect that millions will read it where thousands read the prolix Republican declaration. The result will be that the campaign will be fought on the Democratic rather than the Republican program. Take the prohibition question for example. The Democrats declare without equivocation in favor of repeal of the Eighteenth Amendment; the Republicans were content to submit the issue to the voters without taking a decisive stand either way. The Democratic outrightness therefore makes the repeal of national prohibition a party issue. A consistent prohibitionist cannot support the Democratic ticket; an ardent wet cannot cast a Republican ballot.

In general, however, the long Republican platform and the brief Democratic declaration join issues sharply on many national questions. It cannot be said in this campaign that the contest is merely a fight between the outs who want to be in and the ins who want to stay in. Any citizen who has his own views on vital national problems will have no difficulty in making up his mind with which party he will stand.

Taking the two platforms together they are reassuring to the nation. There is nothing terrifying to the average man in either declaration. They register no economic fallacies but they do present sharp divergencies regarding economic policy. There is a straight issue between protection and low tariffs, between self-containment and world trade, over veteran relief, over unemployment, over agricultural relief and other questions.

On the whole it may be said that the two great parties have lined up as conservatives or liberals; their historic and proper opposition has been restored. At the same time both adhere to characteristic American steadiness when envisaging political change. Both parties are for sound money, balanced public budgets and drastic reductions of expenditures. The born or made conservative will find in the end that he will have to cast his lot with the Republicans; the voter who regards all political institutions as normally and healthily in process of flux and change will find himself with the Democrats.

It promises to be an intensely absorbing political battle, mentally stimulating and recreative of lively public interest in public affairs. The outcome may very well shed light upon the economic prospect.

REPARATIONS NOT VITAL

ONE of the fallacies of the day is that reparations constitute the root cause of the depression. The Germans sincerely believe this. A generation of them has grown up on this diet of persistent, relentless and methodical propaganda. All evils are blamed upon this political debt to France. It can almost be personified as a Devil with horns and a tail. So effective is the propaganda that many non-Germans, especially on this side of the Atlantic, have come to believe it. It is blandly stated, without any proof whatever, that cancellation of reparations and of the debts which Europe owes us would bring an immediate world revival. Apparently the real causes of the depression, still imperfectly understood by experienced economists, are an open book to the debt cancellationists. With equal assurance other propagandists tell us that the key to recovery is bi-metallism or the Veterans' bonus or the abolition of tariffs. Much has been heard of the German capacity to pay. This is open to doubt and should be considered with an open mind, but what we are in danger of overlooking is that capacity to pay is meaningless unless there is a will to pay. Germany does not desire or intend to pay reparations. Moreover, the nullification of reparations will not close the burning political issue of conflicting nationalisms between France and Germany. Reparations are only one phase of this conflict, which, in its aggregate disrupting and disturbing influences, is at least one of the major causes of fear and depression. We may not collect our European debts but there is no reason to believe that voluntary cancellation of them would set the world right.

UNEMPLOYMENT RELIEF

THE imperative issue of Federal unemployment relief remains locked in disagreement at Washington. As between the Wagner and Garner relief bills, a compromise is yet to be effected between the Senate and the House of Representatives. After such compromise is reached, the chances that it will meet with the approval of President Hoover appear slim. A veto would make a fresh legislative start necessary in all probability and would substantially delay the much desired adjournment of Congress. The one certainty is that relief legislation of some kind will be adopted as the final action of the present session. There is agreement by all concerned that it is necessary to make available at least 300 millions of dollars to be loaned to states for direct unemployment relief. Beyond this unavoidable step, the sentiment of the financial community seems not particularly favorable to any of the relief measures proposed. It regards the Wagner bill as not quite so bad as Garner's—because it contains less "pork." Yet the bond market has registered its dislike of the Wagner provision for a 500-million Federal bond issue. President Hoover's plan for 300 millions in direct relief through the states and for expansion of the capital of the Reconstruction Finance Corporation by 1½ billions of dollars, the proceeds to be utilized for self-liquidating public and private works, is favored because of a general view that the funds at least would not be wasted. Until existing major obstacles to business revival have been removed, there is little reason to believe Government-sponsored construction can turn the tide. So far as such a program relates to unemployment relief, it is conceded to be the most indirect and costly method.

BEST MINDS MUST GOVERN

THE tendency toward conservatism with control in few hands is manifest in numerous leading governments. Germany has recently created a virtual dictatorship, the Conservative party is in power in Britain, recent elections in France, while ostensibly a swing to the left, in reality mean little more liberalism than before. Italy continues its successful government under the domination of Il Duce and Russian Sovietism slowly but steadily takes on one attribute after another of the outwardly despised capitalism. Nor are such indications of conservative consolidated control to be taken as retrogression. On the contrary they reflect the demands of these adverse times. Government by the masses—the veering toward socialism or communism—is an experiment that may be endured with a certain degree of impunity in good times, but national and international economic woe bring out the truth in the dictum that the highest efficiency in government is achieved in autocratic rule by the wisest heads. Perhaps this is why the depression may serve to check the onrush of ultra radical tendencies. Certainly it is to be hoped that it will, for never has the demand for inspired and sound leadership been more urgent. Mass rule has already demonstrated its incompetence. Neither profound ideas nor inspired ideals come from the rank and file, except in rare instance. What the world possesses today in the arts, sciences, government, or economic progress has sprung from the minds of a relative few. Despite the soap box orators who counsel the plundering of common resources the crying need of the present is not the rise of the masses but the firm hand which will direct the masses in their own best interests.

Of course the extremes in the doctrine of autocratic control of government or business is foreign to the fundamental American philosophy of government; yet we can achieve a measure of the advantage which accrues from strong rule by the character of leadership which we elect next Fall. Leadership which will most quickly affect the conquest of this depression will not be one bit more beholden to party, Congress, cabinet or other group than is necessary under the constitution.

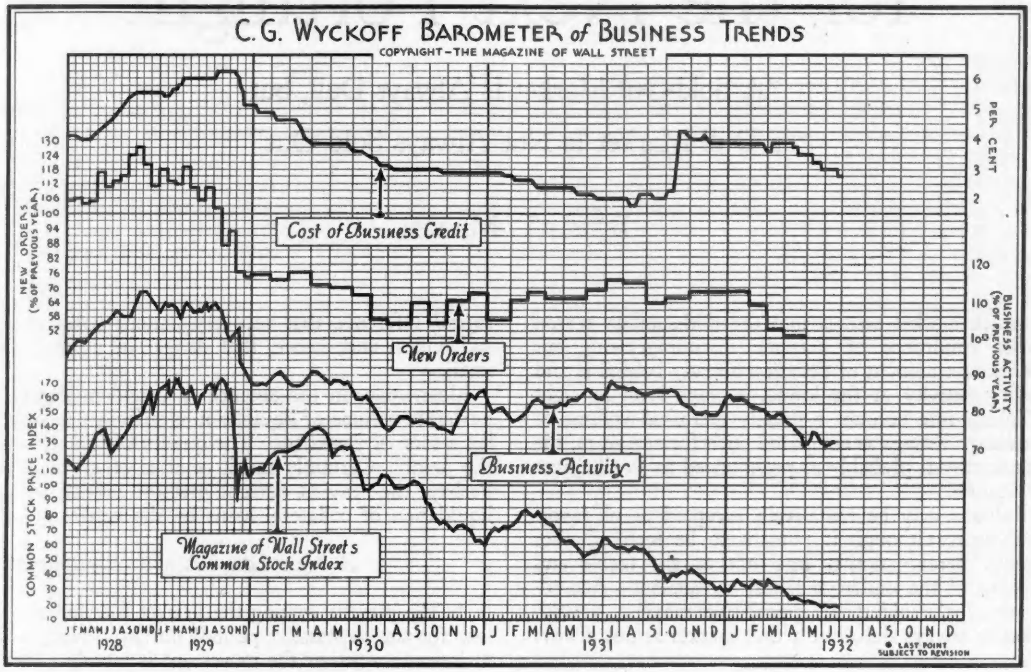
THE MARKET PROSPECT

OUR most recent investment advice will be found in the discussion of the prospective trend of the market on page 344. The counsel embodied in this feature should be considered in connection with all investment suggestions elsewhere in this issue.

Monday, July 4, 1932.

Taking the Pulse of Business

Minor Improvements Perceptible



GENERALLY speaking, it may be said that the Barometer has assumed a somewhat more favorable aspect since our last issue despite the characteristically mixed import of recent news developments. It is especially noteworthy that the Cost of Business Credit continues to confirm the confidence in domestic banking conditions implied in the recent reduction to 2½% in the New York discount rate and refuses to show alarm over the temporary spurt in money withdrawals occasioned by a renewed outbreak of small bank suspensions. Neither does business nor the stock market appear to be greatly disturbed at the moment over political jockeying at home and abroad. The feeling seems to be that Congress will soon adjourn without passing so much economically unsound legislation as was at first feared; and that the worst which can come from the Lausanne Conference has already been pretty thoroughly discounted. As a matter of fact, if nothing is accomplished in the contest between France and Germany, it seems quite likely that the United States will gain what Europe loses in the confidence of international business men and investors. The outcome then might be resumed purchases of American securities and a considerable return flow of gold to these shores.

While it is unlikely that complete returns on New Orders will be available before this issue goes to press, a sufficient number is already at hand to make it quite certain that the next point on our graph will disclose a gratifying improvement over the preceding month. With the country's manufacturing plants operating at the present abnormally low rate even a slight increase in New Orders finds response in a comparatively prompt speeding up of production such as has taken place during the past few weeks. Few of the industries entering into our Business Activity index are of a character that could have been affected by the new tax laws, and the further fact that the upturn has already continued for a week beyond the date when the new rates went into effect renders it rather unlikely that the recent improvement has to any great extent been attributable to tax evasion as was at first assumed. Most of the major industries—such as automobiles, coal, lumber, steel, electric power and railroad freight—have actually improved in some minor degree during the past fortnight, or else remained stationary where a year ago they were already entering upon the Summer slack season. Even the Common Stock Index has displayed gratifying resistance to unfavorable financial news.

What the Market Indicates for the Next Fortnight

"A Sold-Out Market Is Always Dull, but a Dull Market Is Not Always Sold Out"

By A. T. Miller

THE stock market swings into the mid-summer season under conditions of extreme discouragement, but with a vast amount of deflation already behind it and with trading activity at the lowest average level in eight years. Taking into account a greatly increased volume of Stock Exchange listings as compared with former years, the prevailing apathy is probably as pronounced as Wall Street has ever known.

Such dullness may be tentatively accepted as of favorable significance, although it remains to be seen whether it represents merely another interlude or the feeble and expiring gasp of the underlying bear movement. According to one of the oldest of speculative maxims, a sold-out market is always dull, but a dull market is not always sold out.

It would be possible for a summer of dullness and narrow price fluctuation to block out a market base for autumn recovery—provided the autumn offers any evidence of a completion of economic and political adjustments, and provided it brings any expansion of business activity and profits. It is a market in close touch with the fundamentals. Short-term technical considerations become less and less important. As a possible guide, precedent has lost all value.

Minor Rallies Possible

There can be no significant advance in share prices without a reversal of the downward trend of business profits. Since such a reversal is not in sight, it must be frankly recognized that the summer offers very little speculative hope for worthwhile advance. This is not to say, however, that minor rallies are impossible during the next few weeks, particularly as presidential campaign issues become further clarified and relieve current apprehensions.

From the longer range standpoint the market outlook has not become appreciably blacker. It is merely that uncertainty looms larger as a factor baffling any analytical judgment. Under the circumstances, sound policy can only demand a waiting attitude on the part of potential buyers. That, indeed, is the attitude currently reflected in the market. The fingers of thousands of bargain-hunters have been burned by premature optimism during the past two years Fear of missing the next bull market has vanished. Perhaps for the first time, there is something like a general realization of the vast scope of the depression. This carries with it—however near we may be to bottom—the logical inference that recovery cannot come with magical suddenness and, hence, that danger of missing the turn is small.

Meanwhile, in the absence of confident demand, a very moderate volume of liquidation is sufficient to give the market a tone of weakness. The quality of this selling is beside the point. Certainly much of it is other than voluntary. Perhaps the heaviest current pressure reflects the continued liquidation of collateral loans by the banks.

A New Low Without Significance

At the present writing the market has declined to a new low for the depression period, but by a margin too slight to indicate whether the movement is merely a disappointed relapse from recent rallying tendencies or the start of a decline more significant. Prediction on this question is clearly impossible. Since March the market has declined 50 per cent. Never before has so severe a reaction been followed immediately by another of importance. Logically, it would seem that adversity has been discounted at least to a point at which it should be possible for the market to await the autumn developments with reasonable equanimity.

Perhaps it will. If so, resistance must very soon make its appearance, for recent weakness centers in precisely those speculative leaders whose fluctuations have greatest weight upon investment and speculative sentiment. The issues which have broken decisively through old lows make an imposing list. Among them are United States Steel, General Motors, American Telephone, Atchison, Union Pacific, Westinghouse, duPont, National Biscuit, Chesapeake & Ohio and others of similar prominence.

Normally, it would be impossible to escape the assumption that significant weakness in such leading stocks presaged a general market slump. Under existing circumstances, however, it is not so certain. Hundreds of stocks have been deflated to prices, which, while they may by no means represent bargains, are so low that unsettling decline is no longer possible. In a speculative sense, never have the leading issues had so few followers.

It is both traditional and logical that the best stocks should be the last to bow to liquidation. Theirs are the last dividends to go. It is possible, therefore, that new lows for industrial and rail leaders are without prophetic significance as to the general market prospect in coming

weeks. They may mark a deflationary clean-up. In the generally unfavorable economic and political background, there has been no recent change of importance. Superimposed upon this background, however, has been a temporary flurry of bank failures in the Chicago area and a substantial increase in currency hoarding during the past fortnight. Coincidentally, attention has centered on a number of important corporate dividend meetings, several of which have resulted in omissions or reductions. These developments in combination are sufficient to account for the more pessimistic turn of the market.

Effect of Bank Failures

It remains to be seen what effect the Chicago banking difficulties will have upon general sentiment. Their significance can easily be exaggerated. Unlike New York, the Illinois law prevents branch-banking in Chicago. As a result, more than 200 small and weak banks grew up in that city. Through failures and mergers the number has now been reduced to less than sixty. Apparently the Reconstruction Finance Corporation decided—with commendable courage—that there was no economic justification for saving the score or more of small banks recently closed.

The inevitable effect, however, was to cause substantial withdrawals of deposits from several of the large and thoroughly sound Chicago institutions. This is believed to have been the chief influence in the recent $53,000,000 increase in currency circulation. With the aid of the Reconstruction Corporation these runs have been halted and the "Chicago situation" appears to be not only purely local but a thing of the past.

The market's belated dividend fears are somewhat curious. More than three months ago, for example, the directors of the Atchison made it known that maintenance of dividends on the common stock would depend upon an improvement in earnings. There has been no secret about the continued decline in earnings. Week after week and month after month car loadings have shown a further shrinkage. Yet on a recent rally Atchison sold at 31 and actual omission of the dividend caused it to decline from a prevailing price of 20 to less than 18.

The passing of dividends on old-line stocks quite naturally emphasizes the depths of the prevailing business stagnation and no doubt contributes to the mass psychology of despair. The ultimate investment significance of dividend action, however, may easily be subject to misjudgement. Under existing conditions the investor seeking to buy income can only get it safely in first mortgage bonds of sound companies. Those more interested in the income and appreciation of the longer future will do well to bear in mind that the omission of a dividend often represents constructive corporate policy. It is often poor speculative policy to sell because a dividend has been passed.

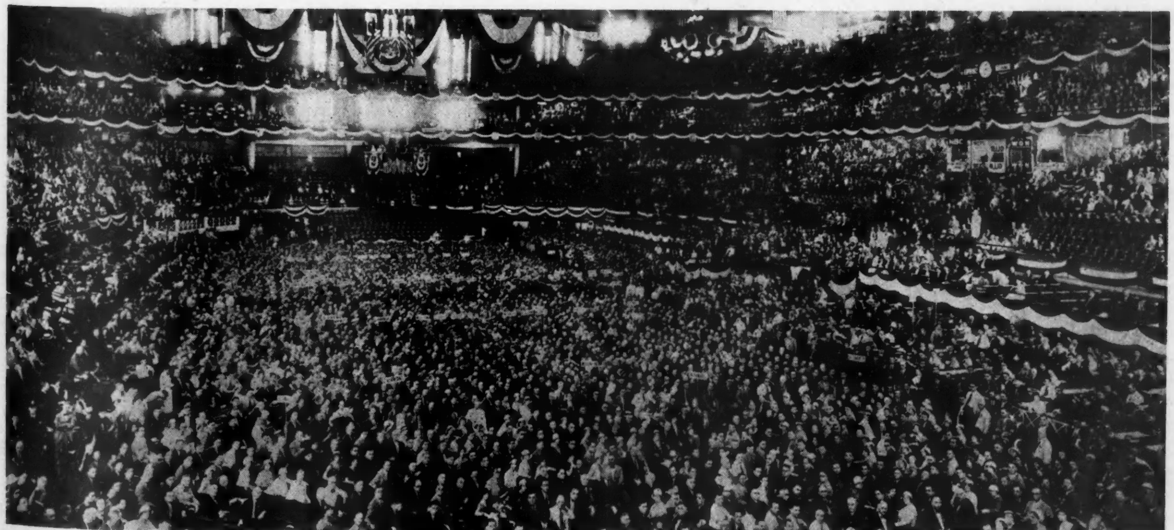
The case of Atchison may be cited as an interesting example. The road is in very strong financial position. Its obvious purpose is to remain in that position and to avoid going in debt either to the banks or the Reconstruction Corporation. This policy, given no further substantial deepening of the depression, should, obviously, lend considerable long-pull, speculative attraction to the common stock. Conversely, the recent action of several companies in maintaining unearned dividends cannot possibly be construed as bullish. We have reached a point at which those interested in speculative participation in the next market revival should regard dividends as secondary and concentrate attention upon such fundamentals as long-term industrial prospect, financial strength and managerial ability.

Current business developments continue of generally unfavorable character. Several weeks of moderate but promising improvement in electric power consumption has now given way to relapse. The steel industry has slumped into an almost incredible stagnation, with operations at scarcely more than 15 per cent of capacity. Such a rate appears unquestionably below the minimum subsistence average for the country and inevitably suggests relatively sharp recovery before many more months have passed. Yet the rate of activity could double and still leave the industry on a wholly unprofitable basis.

Buyers' Strike

In the automobile industry Ford production and sales show fair volume, incident to new models, but other makers are doing little for fear of over-stocking dealers and the aggregate picture of stagnation is unchanged. The best

(Please turn to page 383)



Acme Photo

The Democratic National Convention at Chicago—Its Results May Influence the Market

Middle Europe on the Brink Through France's Mismanagement

Economic Ruin of Five Countries Under French Hegemony Fraught With Grave Consequences to Foreign Investments and Even to World Peace

By CHARLES BENEDICT

In Collaboration with THEODORE M. KNAPPEN

CONTRARY to popular belief both here and abroad, the crux of the difficult European dilemma does not lie in the burden of reparations but rises rather from the inequities of the Treaty of Versailles, which blandly sacrificed national economy to political expediency. This is shown first by the record of the debt moratorium year just closed, in which no payments were called for, and yet conditions have drifted from bad to worse in every important country on the Continent. It is confirmed again by the recent action of the major beneficiary under the Treaty, France, which has privately agreed to cancel German reparation payments entirely on the guarantee that Germany would make no move to disturb the provisions of the pact for a period of five years. In other words France finds in the Versailles Treaty the means to further her current ambitions to economically subjugate Europe just as Germany threatened to do before the War.

On the other hand Germany has every desire to modify the Treaty for she finds herself, although essentially an exporting nation, robbed of important trade outlets, her territory divided by the hated Polish Corridor, her colonies gone and her valuable affiliation with the Austro-Hungarian Empire destroyed by the disruption of this state into several smaller countries under an essential hegemony of France.

To make matters still worse the Danubian states under French financial auspices have been steadily on the retrograde. France is alive to the dire straits of this territory, but just as she admits the untenable position of Germany cut through by a strip of Poland yet refuses treaty modification, so does she refuse her aid in the Danube basin until she is faced with the utter collapse of this territory.

Such a debacle of the Middle Europe states however is not far off. This once prosperous region, whose pros-

perity is essential to that of Europe as a whole, is daily decaying and disintegrating, destined to complete ruin, a helpless sacrifice to the wholly selfish political policies of France, which of all the great powers has the least commercial interest at stake in its rise or fall.

In the name of the doctrine of the self-determination of peoples, the greatest Empire in Europe—measured by population and territorial extent—was erased and divided into four nations except as parts of it were allocated to Italy, Poland and Rumania. While it is true that the Austro-Hungarian Empire was a mad house of conflicting racial and nationalistic aspirations, it corresponded to a natural economic unity.

Once Self-Contained Nation

The 70,000,000 people of the Hapsburg Empire occupied 240,000 square miles of territory enjoying a great degree of economic self-containment. The home market of the Empire vastly overshadowed the foreign market, foreign trade amounting to only $15 per capita as against about $90 for France commonly cited as an approximately self-contained country. The financial center and emporium of this region was Vienna, of which it was even more the economic nerve center than it was the political head. Through centuries of the Hapsburg regime an economic entity was built up that disregarded the provincial frontiers of the component parts. The principal manufacturing industries of the Empire were grouped around Vienna as the great urban market and the imperial seat of distribution system, and around the Styrian ore fields; but manufacturing was largely carried on by a territorial division of processes. Austria was the principal seat, for instance, of the cotton spinning industry, but the Austrian yarn was woven in Bohemia and piece-goods were sent from the latter province back to Austrian clothing factories. The steelworks in Austria depended upon Moravian coke, and those in Moravia derived their ore from Austria. Austria was short of foodstuffs but the great fields and plains of Hungary, Transylvania, Crotia and Galicia gave her ample supplies, and those regions depended upon her for industrial goods. Likewise the industrial districts of Moravia and Bohemia, now in Czecho-Slovakia, had a spacious agricultural territory in other parts of the Empire upon which to draw and in which to sell.

Loss of Vienna

All in all, the Austro-Hungarian Empire, despite its dual political composition was comparable, as a balanced home market, to the United States. The prosperity of Austria then and now depended upon the wheat of Hungary, the coal of Moravia and the oil of Galicia, and in general the natural resources of the whole region. Moreover, Vienna was to Austria-Hungary as much as Paris is to France, or London is to England, or as New York is to this country; now she is like a head without a body—a world city in a country of only 7,000,000 people and an area of but 32,000 square miles. The revival of Vienna's ancient opulence and urban prosperity is essential to Austria and indeed to all the regions which were once part of the Empire but are now independent of Austria-Hungary, Czecho-Slovakia, Yugo-Slavia and Rumania.

Although industry is highly developed in parts of Czecho-Slovakia, it has the greatest surplus of food supplies in Europe. It has also much mineral wealth, including coal, iron, graphite, copper and lead. Hungary has grain and cattle, four-fifths of the population of Rumania is engaged in stock raising and agriculture, and it is a substantial producer of petroleum, 85 per cent of the people of Yugo-Slavia are dependent upon forestry, livestock and agriculture, two-thirds of the people of Bulgaria are agricultural. The industrial complement of this natural wealth was found in Austria, which was also the financial and commercial center of the whole economic body.

Five Opposing Forces

With five considerable nations occupying the territory that had been a dual empire, all animated by national aspirations and inimical by reason of racial and linguistic differences and prejudices, if not hatreds, the old economic unity has been destroyed. The agricultural states—Rumania, Hungary and Yugo-Slavia—have sought to become industrialized and Austria and Czecho-Slovakia have stimulated agricultural development. The national self-sufficiency programs of every state have run counter to economic well being. The looms of Hungary have more than doubled. Thousands of looms have been installed in Czecho-Slovakia, and Hungary has more than doubled its spinning and weaving capacity. Hungary formerly dominated the grain milling of the empire, now all of the five countries have gone in for flour mills. Hungary has subsidized the manufacture of automobiles to the injury of the Austrian industry. Before the war Austria had the oil refineries of the Empire but now new plants have been erected in all the divisions. Chemicals and steel have much the same story. High protective tariffs, import quotas, embargoes and subsidies have completely overthrown the old unity and shattered its external relations.

Before 1914 the foreign trade of Austria-Hungary amounted to 2,500 million dollars; now that of the succession countries is down to less than 1,500 millions, and the local international trade that has succeeded the former internal trade is greatly reduced. With the wrecking of the economic structure has come financial and fiscal chaos. All five of the Danubian countries are in distressed condition with Austria on the verge of a general moratorium for all international obligations, and Hungary likely to follow.

The situation would have been bad enough in any event but the world depression has made it much worse, especially as prices of agricultural commodities have decreased more than industrial, the former being the chief element in the exports of the Danubian countries. Since the failure last spring of the Credit Anstalt in Vienna, monetary and credit problems have multiplied and deepened. For many years both Austria and Hungary have been under the financial tutelage of the League of Nations but the crisis has now passed the capacity of that body to deal with it, and it has been passed on to the great powers chiefly concerned, namely, Germany, France, Great Britain and Italy.

Franco-German Contest

If the Danubian problem were simply one of financial assistance from external sources and internal reconstruction of their trade relations on a basis of mutual interest it would still be difficult in view of the self-containment ambitions of the five or six countries directly involved. But it is entangled with the problem of improving the foreign trade relations of the group and the political and financial rivalries of the powers. The essential element in these rivalries is a struggle between France and Germany for the domination of what

the Germans call Mittel Europa.

With France the contest is mainly political, with Germany mainly economic. The French objective in dealing with the Danube problem is to gain the hegemony of Middle Europe and with it of all Europe. Power, imperialism, and abstract national glory animate France. To Germany the solution of the problem is one of intense business interest, playing a large part in the solution of her foreign trade problem. The Danubian region being so largely agricultural, and Germany being predominantly industrial, provides a natural and adjacent market for German goods and a convenient source of foodstuffs and raw materials. Germany is the largest single buyer of Danubian goods as well as the chief supplier of that region. She absorbs about 20 per cent of the exports and supplies about 30 per cent of the imports. German trade also leads individually in the cases of Austria, Czecho-Slovakia and Rumania. French trade with the Danube region is practically negligible; France supplies but 4 per cent of Czecho-Slovakian imports and takes only 2 per cent of the exports; in the case of Austria, France accounts for only 2 per cent of both exports and imports.

Foreign Public Loans Floated in France Since 1918

	Francs except as indicated; 000's omitted
*1919 China, Lung-Tsing-Uhai 7 percent, railway bonds	23,000
1922 Hungary, 6 percent Treasury bonds (funding)	68,546
*1923 China, Republic bonds 5 percent, gold (Banque Industrielle de Chine)	$43,893
1923 Austria, guaranteed stabilization loan, 6½ percent	170,000
1923 Belgium, 6½ percent, external loan	400,000
*1923 Rumania, 4 percent, for consolidation of Treasury bonds	£6,943
1924 Germany, 7 percent, Government loan (Dawes Plan bonds)	£3,000
*1925 Austria, 5 percent, funding loan	71,172
1925 Bulgaria, 6½ percent, 1923 loan	44,360
*1926 Austria, 5 percent, 1926 funding loan	25,090
*1926 Austria, 5 percent, 1923 funding loan	60,000
1927 Poland, foreign 7 percent, gold stabilization loan	$2,000
*1927 Hungary, 6½ percent, 1924 funding loan	96,000
*1928 Turkey, consolidation obligations of former Ottoman Empire Treasury bonds	99,945
*1928 Turkey, bonds representing overdue annuities of Ottoman public debt (Series A, B, C)	670,216
*1928 Rumania, 5 percent, unified rentes (in Germinal francs)	50,929
*1928 Rumania, 4 percent, unified rentes (in Germinal francs)	269,353
1929 Rumania, 7 percent, foreign loan (Caisse autonome des monopoles)	561,638
1929 Bulgaria, 7½ percent, stabilization loan, 1928	130,000
1930 Chili, 6 percent, 1930 foreign loan	‡35,000
1930 Germany, Young Plan international loan, 1930A	2,515,000
*1930 Hungary, 6 percent, 1925 funding loan	56,650
1931 Roumania, 7½ percent, gold foreign loan (monopolies)	575,000
1931 Yugoslavia, 7 percent, loan	675,000
1931 Great Britain, 4½ percent, Treasury bonds (Sept., 1931)	2,500,000
1931 Yugoslavia, Treasury bonds, August, 1931	250,000
1931 Hungary, Treasury bonds (October, 1931)	354,000
1931 Poland, agricultural credit	150,000
1932 Czechoslovakia, Treasury bonds, 5 percent	600,000
1930 Finland, central banks 5 percent, Govt. guaranty	300,000
1930 Poland, Warsaw Bank of National Economy, 7 percent, Govt. guaranty	25,000
1931 Poland, 6½ percent	400,000
SHORT TIME CREDITS BY BANK OF FRANCE	
1931 Austria	$8,500
1931 Germany	25,000
1931 United Kingdom (Bank of England) Repaid	125,000
Approximate total in dollars, deducting U. K. repayment	$475 millions

‡ Swiss francs.

* Items marked with an asterisk are renewals in application of existing agreements between the governments concerned, and involved no appeal to French credit.

German Ambitions

Germany, with much show of justice, maintains that economically she is in fact a Danubian country and that she should be so considered in all attempts to solve that region's economic and financial problems. If Germany is so considered, the internal trade of the region is more than 55 per cent of the total. Notwithstanding all the artificial barriers that have been raised to trade since the war the natural interdependence of Germany and the Danubian nations has managed to assert itself year by year. Whereas in 1924 Germany took less than 4 per cent of their exports the figure is now 30.

Of course, it would be idle to say that Germany has no thoughts of strengthening herself politically in Europe by means of her economic superiority in the Danube countries, but such increase of Germany's prestige and power would be entirely legitimate and natural. She would simply be developing along normal lines with mutual benefit to herself and the little neighbors.

The primary motive of France is to suppress Germany and to use her military and financial power to dominate Europe indefinitely. The impending economic and financial ruin of Middle Europe has given her a supreme opportunity. Her policy of hemming Germany about by a ring of politically pro-French states began during the World War and has been untiringly continued with a pertinacity known only to French diplomacy, which is always able to summon to its assistance all the economic and financial powers of the nation. The Danubian states being either the creatures or the beneficiaries of the Treaty of Versailles are politically opposed in greater or less degree to Germany, which is tirelessly striving to undo the consequences of the World War settlement. Under French auspices and supported by French loans the little entente was formed consisting of Czecho-Slovakia, Rumania and Yugo-Slavia, in provisional military alliance with France. To the north and east Poland stands in a similar relation to France. Recently Hungary, tempted by French gold, has been leaning toward France, Bulgaria is being drawn into the French orbit, and Austria has paid dearly for her dislike of France and her friendship for Germany.

While their controlling trade interests draw the Danube countries to Germany the nationalistic policies of all but Austria and Hungary cause them to lean politically on France. This attachment has been astutely strengthened by French financial policy which has showered all these countries, including Austria and Hungary with loans. Moreover, for some time past and perhaps for some years to come they must look to France for both industrial and political financing, no other country of Europe being at present in a position to give them much assistance.

France is in no sense economically dependent upon the Danubian country. It could be sunk to the bottom of the ocean without affecting her commercial interests; neither are they dependent upon her for trade. They are simply pawns for France in her unceasing play for the domination

of Europe. Yet she will not permit them to follow the lines of their natural development and for the moment at least they can not do so without her permission.

It is true that the total sum of the loans made to the Danubian countries by France has been large but they are mostly of an artificial or military nature and funds seldom, if ever, left French soil. An important consideration has been their benefits to the armament industries of France. The proceeds of the loans have been generously turned over to them. The present relative prosperity of the French steel and iron industries is due to the activity resulting from the production of munitions and other military equipment and the building of strategic railways for some of the Danubian states, Poland and Japan. Such utilization of capital is constructive neither for France nor the countries so applying it.

Loans on Condition The present impasse between Germany and France superficially pivots upon the recommendation of the League of Nations Finance Committee that a loan of 300 million shillings should be immediately extended to Austria in order to prevent the utter collapse of that country. The largest contribution to this loan would have to come from France, which takes advantage of its position to bring about the complete subserviency of Austria and at the same time to propose an anti-German economic grouping of Rumania had the states that formerly constituted the Austro-Hungarian Empire. France insists upon this dog-in-the-manger course, notwithstanding the acknowledged fact that it was her refusal last year of a promised loan to the Credit Anstalt, of Vienna, that brought on the failure of that institution; which in turn caused the financial crisis in Germany that reverberated throughout the world. The refusal was due to Austria's wholly justifiable declination to agree never to enter a commercial union — anschluss—with Germany. Then as now France was willing to sacrifice Europe and world stability to her selfish ends. Austria then, and now all Danubia, must come to heel.

France is prepared to assist not only Austria but the other Danubian countries *if they will establish an economic entente among themselves which would be inimical to Germany's commercial relations with them.* She proposes that those states shall be encouraged to establish preferential tariff relations with each other which will tend to restore their former economic unity provided Germany will agree to waive all her trade relations under the most-favored nation clause of commercial treaties. That proviso is in effect that while Germany shall keep her markets open to the products of Danubia she shall waive her present export advantages. In other words, France not only plans to cripple the Danubian countries by curtailing the natural complementary trade with Germany but to impose a heavy additional burden on Germany in her supreme effort to maintain a balance of exports. Such a balance is absolutely necessary to the re-establishment of normal monetary exchange relations between Germany and the rest of the world. Germany, of course, favors the economic reconstruction of the Danube area but not upon the French terms. Great Britain is deeply involved, too, because of her large commercial loans in the Danube basin now being replaced by French credits; her considerable trade therewith, and her general interest in the stabilization of Europe. She sides with Germany in the endless negotiations. France on the other hand apparently desires the disruption of Germany into small units similar to the helpless Danubian states. The effort last year to help Austria—when the Bank of England unavailing rushed 150 million shillings to Vienna—aroused French ire and led to vengeful reprisals which eventually resulted in driving England from the gold standard.

The Benefactor

The French ambition to hold the hegemony of Europe is steadily cultivated despite the fact that France admits that the Treaty was in some respects grossly unjust. Europe has always been dominated by some powerful nation, and that role might perhaps as well fall to France as any other country now if she were equal to it. In respect to Middle Europe, France is commercially such a minor factor that there is no solid ground of common interest upon which to build her leadership. Moreover, she is in general incapable of satisfactorily filling such a role there or in a broader field.

The chief reasons of this incapacity are:

1. France is not a first-class industrial nation according to modern conceptions. Her industrialists cling to methods that are obsolete in Germany and the United States, and the industrial units are for

(Please turn to page 383)

What are your rights as a security holder when your corporation fails? Is it best to join a protective committee to safeguard them or to stand alone?

Must the "reorganization plan" be accepted? Are assessments necessary?—These and many other questions are discussed in

Investors' Problems in Receivership

By Louis S. Posner

of the New York Bar

In recognition of the many and unusual problems which confront the investor in these days when corporate failures are an all too common experience, we have asked Mr. Posner, a leading member of the legal profession, to prepare this helpful discussion of the procedure of receivership. Security holders will find in it a clarification of their position and significant suggestions as to the wisest course to follow.

THE knowledge that most of the largest corporate enterprises in this country have at one time or another undergone reorganization affords little comfort to the investor who anxiously scans the daily announcement of receiverships. A variety of circumstances enter into his decision whether to yield to the importunity that he deposit his stock or bonds with a protective committee or whether, like Katisha's tooth, he shall "stand alone." A brief consideration of the general procedure in corporate receivership, may therefore be of timely interest to both stock and bond holder.

Most bonds or other senior corporate obligations held by the public are issued under an agreement or so-called indenture which pledges or mortgages certain assets to a designated trustee, usually a trust company, for the benefit of all holders alike. Corporate indentures are the outgrowth of nearly a century of law writing, and have today reached such length and intricacy that, like their draftsmen, they are "fearfully and wonderfully made."

Urge to United Action

In the event of a failure to pay interest coupons or serial maturities of bonds, or upon the occurrence of other defaults by the corporation, the security holder quickly learns that the trustee, by express provision of the indenture, is under no obligation to know anything, hear anything, or do anything, unless prompted and fully indemnified by a specified percentage of bondholders, usually 25 per cent.

The underlying theory of the indenture is unity of action on the part of the security holders. Once proceedings are initiated by the trustee, through whom alone the foreclosure proceedings may be instituted, the majority of the security holders is usually authorized by the indenture to direct and control further steps.

In many states the individual holder may bring an action for payment of the debt upon his defaulted security, without regard to the trustee, but in that case he may not fall back upon the securities or the benefits afforded by the indenture. The urge to united action for the benefit of all, in the case of reorganization, is quite as strong as the express requirement for united action in the case of foreclosure under the indenture, for the benefit of the specific security holder.

Two Types of Receivership

Proceedings for foreclosure and sale under a mortgage, following default, are commonly marked by a receivership. Equally common is the receivership brought to *conserve* the property of a solvent corporation, where it appears that the attacks of creditors during its temporary embarrassment may dismember the enterprise and result in great damage to all concerned. This is usually called an "equity receivership," and is designed to enable the payment of all creditors in full through an orderly realization upon the assets without, at the same time, closing down the business. The receivership involving foreclosure and sale usually precipitates the equity receivership, and most reorganizations follow under these heads. There are other methods, through voluntary readjustment or through recapitalization, but the ultimate considerations to the security holder are the same.

The fact that protective committees spring into full-fledged existence so swiftly upon the announcement of

failure to meet coupon payments or other occurrences of corporate default should not in this day cause surprise or conjecture. The courts have long ago declared that self-appointed committees are usual, and not objectionable. Those who have had to do with the sale of the securities or stock of a company are naturally consulted in advance of the day when foreclosure is imminent or the pressure of numerous creditors makes it advisable for the company to confess inability to meet its debts and join in the prayer of the prearranged plaintiff for the appointment of a conservation receiver.

There is much to be said in favor of a protective committee so originating. There is much to be said in favor of an independent protective committee.

The agreement under which the deposit of securities or stock is sought is an all-embracing document which grants to the committee fullest powers. Necessarily so, for it is designed to enable that committee to function in whatever contingencies may arise as the plans of reorganization develop. Like the corporate indenture, this agreement is the growth of decades of draftsmanship, with changes of phrase here and there as court interpretation or practical experience may have dictated. Protective agreements are very much of like pattern, whether offered by a committee formed at the suggestion of the company or by a rival committee. Certificates of Deposit are issued against the securities, and where such securities have been dealt in on an exchange, the certificates customarily are listed. Upon its completion, the proposed plan of reorganization is filed with the committee's depositary, usually a bank or trust company, and notice of such filing and the substance of the plan mailed to the depositor.

Security Holders Right to Dissent

The plan becomes effective and binding upon all depositors unless within a specified time, usually short, at least a majority of the depositing security holders shall dissent. The individual depositor may, within such period, file notice of his dissent and intention to withdraw, and upon withdrawal must pay the pro rata of the expenses until then incurred by the committee. The agreement usually fixes a limit to the amount thus payable. Although protective agreements generally indicate that the depositor may withdraw only after the announcement of the plan, the courts have sustained his right to withdraw at any time before then.

The protective committee has been held to sustain the relation of trustee to the depositing security holders, and it bears the corresponding duty of fidelity to them. An agreement of deposit is strictly construed, and if it sets forth a proposed reorganization plan, there may be no departure from its substance without the further consent of each depositor.

Equity among the separate classes of securities according to their respective priorities, is, so far as possible in the circumstances, the underlying rule in all reorganizations. Whatever the plan, it must accord fair treatment equally to all, and even if it be accepted by the great majority of security holders, a dissenter may prevent the plan from being carried into effect if it is oppressive or unfair. It is not always easy to establish these priorities and no fixed formula can be offered, but by the time the plan is adopted the various equities usually have been quite satisfactorily worked out between the conflicting interests.

Reorganization Financed by Assessment

The normal procedure in reorganization is the sale of all assets to a newly organized company, which issues the new securities in exchange for the old in accordance with the plan. By this time the reorganization committee, which is the instrument for carrying out the plan, has been created by the various protective committees from among their representatives. The purchase price paid by the reorganization committee, in addition to the cash required for the costs of receivership, is met largely by a credit allowed on the securities controlled by that committee to the extent of the pro rata to which these securities would be entitled if the purchase price had been paid all in cash. Bondholders who do not enter into the plan are entitled to their pro rata in cash, which the purchaser must provide. It is clear, therefore, that when a substantial number of security holders adopt a plan of reorganization, they are usually the successful bidders since they are called upon for a minimum of cash and are entitled to a maximum of credit, which is the precise reverse of the situation in which the smaller non-assenting group finds itself.

The upset price on such sales fixed by the Court after a study of the values involved is regarded as proper protection to those who do not come into the reorganization plan. The cash required for reorganization and the operation of the new enterprise is provided variously. The common method is by assessment of security and stock holders who enter the plan, in amounts which differ according to their respective priorities and the probable value of their equities in the defunct company's assets.

Priority of Claims

The outlook for the security holder of course depends upon the character of his holdings. If he be a holder of common stock the prospects are less promising, to be sure, than if he holds obligations which are secured by substantial properties whose value is temporarily unrealizable. Between these two extremes the varying classes and types of claim find their place. Security holders and general creditors and preference claimants and stockholders quickly range themselves into groups, each with its claim of special order or priority. The line between first and second mortgage bondholders is not always clearly marked, particularly where the first mortgage contains either the so-called "after acquired property" or the "income" clause. A study of the indentures covering the respective issues, and of the administration of the company's assets, is of prime importance. The general creditor follows closely behind the priority accorded to taxes, wages,

(*Please turn to page 379*)

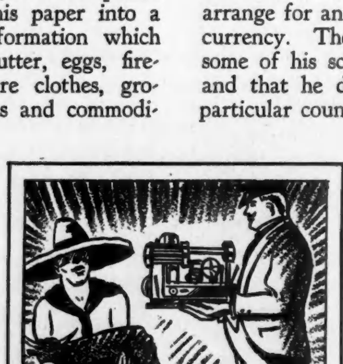
Barter Supplants Money in Battle of Business for Self-Preservation

Foreign Currency Exchange Difficulties Are Surmounted Abroad and Rural America Reverts to Swapping of Historic Days

By JOHN C. CRESSWILL

MONEY is scarce in Saxonburg, Pa., and the public spirited local editor has turned his paper into a medium for the exchange of information which enables his readers to trade chickens, butter, eggs, firewood and other local products for store clothes, groceries, nails and other "boughten" articles and commodities.

Foreign exchange is scarce in Germany and in countries with which Germany trades. So the merchants of Bremen have set up a barter corporation—the International Goods Clearing Co.



Saxonburg and Bremen are thus tackling, respectively, the local and international aspects of the almost universal problem of these days of how to do business without money.

Consider first the problem that engages the thought of Bremen and other German manufacturers and exporters. Thirty-three of the world's countries are impounding foreign exchange or otherwise knocking the wheels off international trade. These governments desire to appropriate foreign exchange in order to meet their monetary and fiscal difficulties. They want to keep gold at home, or to use the appropriated foreign exchange either to meet their foreign obligations or to facilitate payment for certain preferred imports. Germany, herself, is a star performer in public manipulation of exchange.

What does all this mean to the international trader?

It means, for one thing, that he doesn't know when if ever, he will be paid for his duly bought and forwarded consignments of goods. His foreign customer may be honest, solvent and keen to pay, but he can't go to his bank, put up his local money and buy a draft payable in marks to send to his creditor in Germany. All the buyer can do is write a letter of regret and express his firm determination to settle when he can buy marks, that is, arrange for an exchange of his local currency into German currency. The outcome for the German exporter is that some of his scarce working capital is indefinitely tied up and that he dare not fulfill any more orders from that particular country. On the other hand, the business house shipping goods into Germany experiences somewhat similar, although not such severe difficulties.

Then there is the problem of prices raised by fluctuating currencies with most of the nations off the gold standard. Even if exchange is obtainable the importer never knows in advance what his consignment will cost him in local money. A peso may be worth as much in South America today as it was six months ago, but its value in marks may have fallen 50 per cent or more.

The Germans are meeting conditions by barter. An electrical firm is negotiating with a company in Uruguay to put up an electric plant in return for hides to be delivered in four years. German and Czecho-Slovakian firms are trading one kind of coal for another. German iron-ware has been traded for Grecian currants and Turkish almonds. An importer of wool tried without success to give pianos for Argentine wool, but hopes to find some other German goods that will be acceptable to the Argentine exporter. Canadian wheat has been offered for German jewelry. A German chemical firm has accepted carpets from Persia and sodium nitrate from Chile in payment for its products. Another firm has traded fertilizer for Egyptian cotton and Krupp has exchanged machinery for Danish cattle. Another German company has melted some frozen credits in Hungary by taking 720 carloads of wheat. There are rumors of a deal for the exchange of German coal for Brazilian coffee.

All these instances are of direct barter. Manifestly that

process can not go far in solving all international exchange problems when business is carried on by thousands of individual trading units. Only if all governments, like the Russian government, had a monopoly of foreign trade, could a general system of international direct barter be worked out. The Soviets are bartering wherever they can. For instance they have arranged with the Italian government for the exchange of wheat and oil for certain Italian products.

The Bremen scheme is for what might be called a barter exchange system. Its gist is the creation of a central exchange agency whereby a German exporter can be brought into contact with a German importer. The exporter, let us say, has a bill for a thousand marks' worth of toys in Brazil and the importer has a consignment of a thousand marks' worth of coffee from that country. They exchange documents and communicate with their respective correspondents in Brazil. The Brazilian coffee merchant is paid by his compatriot who imported the toys and the German toy man is paid by his coffee brother; everybody is paid without resort to international monetary exchange. The Bremen International Goods Clearing Co. proposes to collect lists of foreign transactions and then seek to match them in the manner indicated. It is expected that similar companies will be formed elsewhere in Germany and that private brokers will operate in a like manner.

The plan has some obvious drawbacks. To be fully effective similar goods exchanges must be set up in other countries, and then there is the problem of handling trades that do not match in amounts, as for instance when an exporter has, say, a thousand marks bill and the importer is billed for 1,500 marks. The sponsors of the new plan hope that the banks can find some way to carry the overlaps.

It is not contended, however, that this is a permanent trade method. The Germans are developing it because they will perish unless they can find some way, however awkward, to carry on foreign trade during the present turbulent period when international monetary exchange has become difficult or impossible. At present Germany is an exporting nation on balance. There would thus be an accumulation of overlaps, representing her aggregate favorable balance, even if the banks could take them from individuals, which would have to be liquidated in some other way in order for Germany as a whole to get cash for it; she being in no position to extend long time credits. But even a balance of exports and imports would be better than little or no foreign trade.

All foreign trading countries are more or less in the same boat with Germany regarding cash settlements, and it may be expected that if the Bremen experiment meets with success it will be widely imitated. Indeed, if the present international chaos continues for years an exchange barter system will have to become general.

In that case we may expect that all governments will take over the task of clearing trades and perhaps even of managing them altogether. For example, the United States government might have to arrange with Japan to buy, say, 300 million dollars' worth of Japanese products annually in exchange for the sale to Japan of 300 million dollars' worth of American products, each country parceling out its respective orders to domestic producers and importers. Governments could perhaps find a way to handle the overlaps that might be necessary better than individuals. For the total of the world's exports is obviously equal to the total of its imports, as the imports of any country are the exports of others. Incidentally, attention is called to the fact that the United States Farm Board has actually traded wheat for coffee with Brazil, and it may yet make other trades.

It is not necessary to dwell on the objections to this governmentally controlled international trade idea, for which the word *autarchy* has been brought into use, although in Germany it means more a plan of national self-containment which would essentially involve unified handling of foreign trade. The objections are numerous and grave. But trade will, like love, find a way. If money can't be used between nations barter clearing schemes, as well, perhaps, as a large amount of direct barter, will have to come. Trade is nothing but exchange of goods and if the smoothly working system of turning goods into the moneys of the countries involved in a transaction and the subsequent orderly exchange of currencies can not long apply there will be nothing to do but turn back the pages of history and approximate the crude trading practices of our untutored ancestors, even so late as the days of New England's opulent China traders.

Turning to individual barter, it is only necessary to mention the "For Exchange" columns in the want ad pages of newspapers to bring out the fact that barter has never disappeared. It is often the easiest and sometimes the only way to make a purchase. Trades of automobiles for radios, for lots, for furniture and almost any article under the sun, or services, are common. Real estate exchanges are very common. Offers of services for board are frequent. Neighbors, particularly farmers, are always satisfying property desires by exchanges.

City men who were raised on farms remember well that dad's relations with the cross-roads general store were largely on the trade basis. Chickens, eggs, butter, fruits and garden produce took the place of money in small shopping. This sort of commerce has never ceased to flourish in the country, and it is now enjoying a great revival.

The International Harvester Co. has been taking wheat in part payment for machinery purchases, assessing the wheat at much above the going market price in the belief that it will at some not distant date climb to that point. Other companies catering to the producers' goods requirements of rural folk have made similar swaps. The Wrigley company didn't exactly trade chewing gum for cotton when it bought large quantities of that staple but in a way it was barter for the company is now turning the cotton into handkerchiefs which it uses as a

(*Please turn to page* 384)

"Out of every four days that we work, we work one day for the Government.

"We are employing on the public payrolls approximately one out of every ten adult persons gainfully employed in this country."

Taxation Crisis Approaches

How the New Revenue Bill Affects Business

By LAURENCE STERN

IN the new Federal tax law the American public is now feeling the weight of the heaviest tax burden ever borne in time of peace in this country. It is a load which presses most crushingly upon a small minority of our citizens, but the majority will not escape. Directly or indirectly, all are affected. Directly and indirectly, taxation—of which the new law is merely one aspect—becomes an ever-larger economic problem, an ever-larger obstacle to business revival.

It is a problem that has been with us for a long time. Its tremendous significance was pointed out by this publication months ago, before the destructive forces at work were apparent to the general public. Even now, the public lacks a real understanding of the country's financial position and of the inherent dangers involved in the present course of events.

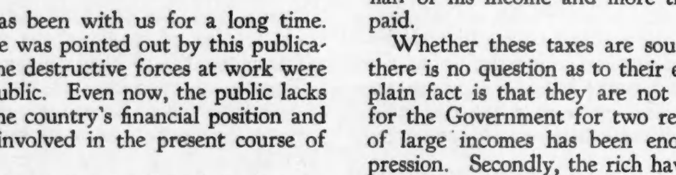
With the new and higher taxes in effect, however, the issue does stand out in clearer outline. It is now possible to see more plainly the dangerous road along which, in the absence of informed and organized public opinion, blundering politicians are leading us. Unfortunately, it is not possible to see the end of the road or to know whether we can turn off in time.

As for the specific new Federal taxes, not much need be said. They are blundering and unscientific, the creation of frightened and provincial-minded politicians whose motive has been to delude the masses by apparently "soaking the rich."

The rich have, in truth, been "soaked" to an important extent, but in percentage of increased taxation the citizen of moderate income has been "soaked" much harder. For the rich there is a "soakable" limit. We are at it, or near it. The man with an income of $100,000 a year pays income taxes of $30,220. This is approximately one-third of his income and the tax is slightly less than double the amount paid under the 1928 law. These proportions are changed but moderately on higher incomes. A man with an income of $1,000,000 a year—if any such is left—pays income taxes of $571,220, slightly more than half of his income and more than twice the tax formerly paid.

Whether these taxes are sound in social theory or not, there is no question as to their economic unsoundness. The plain fact is that they are not effective raisers of revenue for the Government for two reasons. First, the aggregate of large incomes has been enormously cut down by depression. Secondly, the rich have a ready avenue of escape through investment in tax-exempt securities. It would be possible to halt the issuance of such securities, but it is not possible to change the status of the billions of such securities already outstanding.

"Soaking the rich" is not important to consumption industries. They will continue to spend for normal needs according to their standards of wealth. But it is of vast importance to capital goods industries and to the security markets, which are the arteries through which the lifeblood of business courses. Thus, an investor with a net taxable income of $100,000 a year would have to obtain a yield of 7.95 per cent on taxable corporate bonds to equal the net yield of 3½ per cent on a tax-exempt municipal bond.



The combination of high income taxes and the refuge

of tax-exempt securities can mean only one thing. As long as this condition prevails taxable bonds and stocks are relatively unattractive to that class of citizens and institutions whose investment demand is the backbone of the securities markets. Under such circumstances we have an imposing obstacle to significant advance in investment issues. More important, we have a situation in which, due to the abnormally low prices of good, seasoned bonds, new financing on any important or general scale is out of the question, Without such financing it is improbable that we can experience the kind of fresh capital expansion which has usually preceded or accompanied business revival.

In the case of taxpayers of more moderate income, the new law is certain to have directly destructive effects upon business of all types, even though an exact measure of it cannot be had. Against the approximate doubling of taxes on large incomes the $2,000-a-year-man will be called upon by the Federal Government on March 15, next for $40, or nearly eight times the $5.63 paid under the old law on 1931 income. The citizen with a taxable income of $3,000 will pay $80, or approximately five times the $16.88 previously paid. The $4,000 man will pay $120 and the $5,000 man $160, or, respectively, more than four times the $28.13 and the $39.38 formerly extracted.

It is all very well to say that the percentage of taxation here is moderate, as compared with that imposed upon larger incomes, but the important economic fact is that the spendable margin of income in the lower brackets is small. Disregarding increased state income taxes and a great variety of new, miscellaneous taxes, the *increase* in Federal income tax for the $3,000-a-year man is approximately $64. That may safely be taken as equivalent to one month's rent, if not more. In so considering it, bear in mind that this man is already paying several month's rent yearly for local taxes.

For the individual, taxes are a first mortgage. Retrenchment, made necessary by income reduction, must be made in other items. *Per se,* higher income taxes force further retrenchment. The economically important minority which pays income taxes will unquestionably have less to spend upon all of those goods and services upon the active exchange of which business is founded. This is the most important respect in which the new taxes are directly adverse in relation to the business prospect.

The variety of "nuisance" taxes recently imposed will not in the aggregate seriously affect business, but, however moderate the effect, it can only be unfavorable. The taxes on automobiles, trucks, electric refrigerators, tires, toilet preparations, jewelry, furs, automobile accessories, radios, phonographs, sports goods, lubricating oil and gasoline will be passed along directly to the consumer. The extent to which they may tend to reduce consumption is purely conjectural.

Miscellaneous Taxes

Which Will Be Paid By Ultimate Consumer Or User

Dues 10% when in excess of $25 per year.
Admissions 10% when in excess of $.40.
Electrical energy 3%.
Telephone conversations $.10 when toll is $.50 to $1.00.
Telegraph messages 5%.
Safe deposit leases 10%.
Checks and drafts $.02 each.
Stock transfers $.04 per share.
Bond transfers $.04 per bond.
Stock and bond issues $.10 per $100.
Pleasure boat use $10 up.

Postage $.01 increase on first-class—1922 rates on second class.

Manufacturers Excise Taxes—

Which May Affect Sales Volume in Various Industries, If Passed on to the Consumer, or Earnings If Absorbed by the Manufacturer—

Tires $.02¼ per lb.
Inner tubes $.04 per lb.
Toilet preparations (perfumes, cosmetics, etc.) 10%.
Toilet preparations (tooth pastes, soap, etc.) 5%.
Articles of fur 10%.
Jewelry 10%.
Auto parts or accessories 2-3%.
Radios, phonographs, etc., 5%.
Mechanical refrigerators, 5%.
Sporting goods 10%.
Firearms and cartridges, 10%.
Cameras, 10%.
Candy and chewing gum, 2%.
Lubricating oil $.04 per gal.
Brewers' wort, grape concentrate malt, $.03 per lb.
Matches $.02 per M.
Gasoline $.01 per gal.
Soft drinks $.01¼-$.06 per gal.
Transportation of oil by pipe line—4% of charge.

The 1-cent Federal tax on gasoline, added to state gasoline taxes ranging from 3 to 7 cents a gallon, would appear to tax this product to a dangerous limit, threatening ultimately to encourage both bootlegging and reduced consumption. The tax on admissions has already adversely affected the Broadway theater and the higher-priced motion picture theaters of the country. Soft drink, chewing gum and match taxes probably will be absorbed by producers and dealers. The taxes upon dues, upon electrical energy, upon bank checks, upon telegraph messages and upon toll telephone conversations are a direct drain upon the average family budget. The telephone and telegraph taxes will adversely affect companies in these industries. The 50 per cent increase in first class postal rates is a direct drain upon all business.

This brief discussion of the present Federal taxes merely skims the surface of the far more comprehensive problem confronting us. Local and state expenditures and taxes have increased faster than those of the United States Government and constitute the largest part of the tax burden borne by the individual citizen, whether he pays directly or indirectly, knowingly or unknowingly.

For local, state and national government in 1913 this country paid 2,194 millions of dollars in taxes, which was 6.4 per cent of the national income. In 1931 it paid 11,500 millions, or 22.1 per cent of the national income. For this year of 1932, taxes may be estimated at fully 12,000 millions, and the national income will do well to reach 45,000 millions. On this basis total taxation will absorb approximately 27 per cent of the national income.

In short, out of every dollar that we earn this year, twenty-seven cents will go for governmental expenditures, leaving that much less for normal economic uses. Out of every four days that we work, we work one day for the Government. Moreover, we are employing on the public payrolls approximately one out of every ten adult persons gainfully employed in this country and, due to the self-interest of politicians and the lack of public understanding and public organization, we are, as a general rule, paying them approximately the 1929 salaries, which, in terms of real purchasing power, amount to a bonus of fully 15 per cent. *(Please turn to next page)*

Nor do taxes tell the whole story, for government always tends to spend more than it receives and to borrow the difference as long as funds can be had from banks and other investors, thus passing along an ever-larger burden to new generations of taxpayers. For this year what we may deem "normal" government spending will total fully 14,000 millions, or 2,000 millions in excess of probable tax revenues. Taking into account emergency borrowing for unemployment relief of one kind of another and for one or another variety of government-sponsored depression relief schemes, we may very well spend 16,000 or 17,000 millions.

It is obvious, of course, that this drift cannot continue. At the rate with which taxation has increased since the war, only a few decades would be required for government to absorb the entire national income. Such a grotesque outcome would have everybody working for the Government under a condition of State Capitalism. Before that happened the business structure, as we know it, would necessarily vanish.

While the largest part of the tax load is local, it is really at Washington that the crisis centers, for the credit of the Federal Government is the keystone of the national credit arch. It is vitally related to the currency and to shifts of bank credit. As the Federal credit goes, so will go all other credit.

What is the real status of that credit at present? Fundamentally, if present trends continue, will it be any better than the credit of the various bankrupt and near-bankrupt European nations, which are following the inexorable road to forced currency inflation as a means of meeting their obligations?

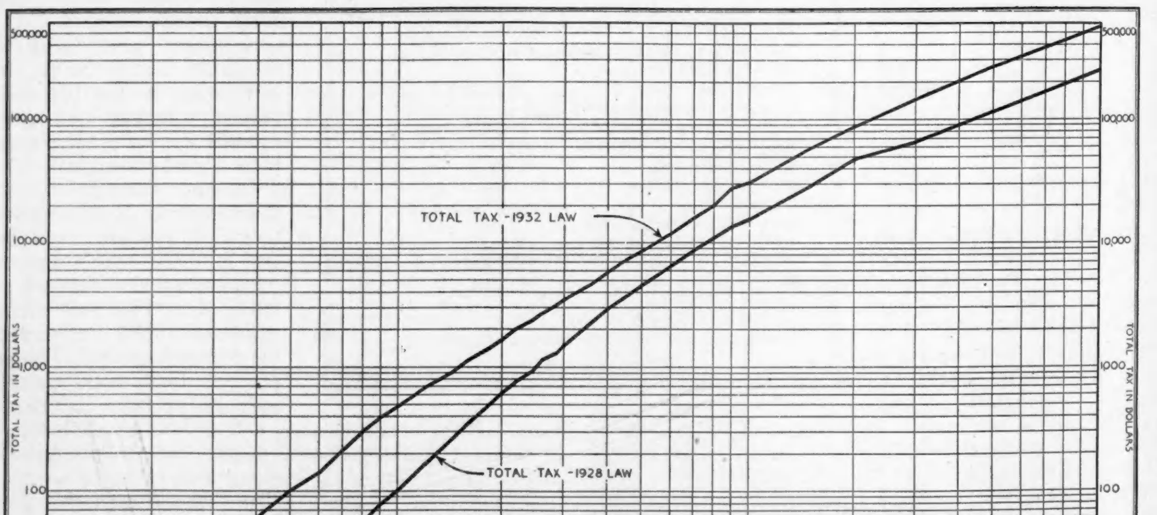
The answer to that question is not to be found in the current relatively high prices commanded by Government bonds in the market Those prices are made largely by purchase of Government bonds by the Federal Reserve System in its campaign of credit expansion. Whatever the motive of that campaign and regardless of whether it succeeds in stimulating business—of which effect there is no scintilla of evidence at present—the simple result is the utilization of an increasing proportion of the resources of the Reserve System in the support of Government credit. Thus, our Government lifts itself temporarily by its bootstraps.

Reserve resources are not unlimited. A time will come when it will cease buying bonds and will sell. Moreover, the major part of the Government's borrowing during this depression has consisted of short-term issues carried by the banks, rather than by the general investor. If banking resources ever again are to be applied to normal business uses, this floating debt will have to be translated into long-term bonds which the investor will buy. The present market gives little or no indication as to what he may be willing to pay for such bonds, which necessarily determine to a great extent the prices of all kinds.

It is apparent that the Federal Government will close its fiscal year on June 30 with a deficit of at least 2,700 million dollars. It is apparent also that the steps thus far taken will not result in a balanced budget for the fiscal year 1933. The political estimates which have been offered to reassure the public are misleading. Estimated receipts, for example, include payments of more than 250 millions from our European debtors. We will not receive the money in 1933, if ever. Without a revival in business, it is improbable that the various new or increased taxes will raise as much revenue as has been tentatively estimated. Finally, government retrenchment has made very little progress—no progress at all, in fact, when we consider that moderate savings here and there have been far offset by emergency spending which will add to the public debt.

Europe's gold drain upon this country has ceased. Our citizens still retain confidence in the financial integrity of their government, but is it not clear that such confidence must rest largely on the assumption that present fiscal deficits are

(Please turn to page 380)

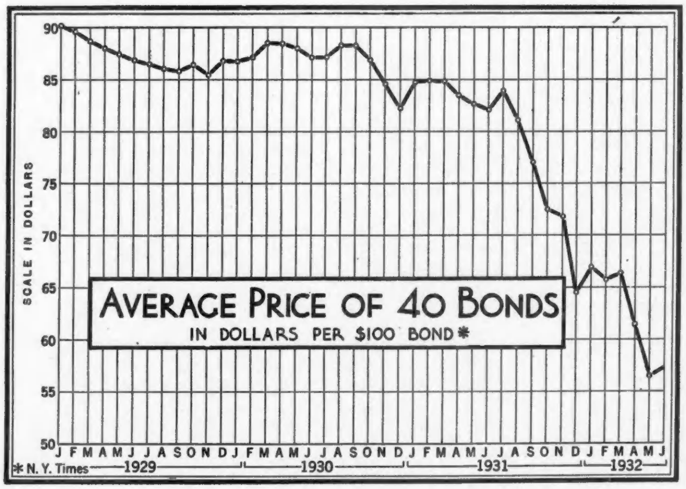


TODAY'S INCOME TAXES COMPARED WITH THE OLD
(ALL FIGURES APPLY TO MARRIED MAN WITH NO DEPENDENTS)

Can Bond Market Surmount the Obstacles in the Path of Its Recovery?

Discussing the Nearby Trend of Bond Prices As a Whole and Governments, Rails and Utilities in Particular

By J. S. Williams



AFTER several weeks of stability at levels moderately above the year's lowest, the bond market is again feeling the weight of scattered liquidation and, while the movement is narrow, shows a declining tendency. The significance of this change must be left for the future course of events to determine. The price developments of the immediate future promise to constitute a revealing test of the investment market's underlying position, particularly as regards the maintenance or violation of the unprecedented lows established late in May.

There is no substantial change in the major factors dominating the bond movement, although the developments to which the market is currently paying attention incline slightly to the unfavorable side. Chief among these has been the renewal of bank failures around Chicago and a resultant increase in currency circulation.

The majority of the banks which have been closed are unimportant, but the series of insolvencies, coming after repeated official assurances that the banking situation had been effectively bolstered by the Reconstruction Finance Corporation, quite naturally strikes a blow at an already shaken public confidence. This has resulted in important withdrawals of deposits even from large and thoroughly sound middle western banks.

Present indications are that the large institutions involved will be able to meet all demands. If so, this purely sectional disturbance will run its course and the impetus given to hoarding will prove temporary. Meanwhile, however, another abstacle is placed in the path of the bond market. Every such sudden withdrawal of bank deposits results directly and indirectly in an accelerated liquidation of bank investments. The liquidating motive of the institutions directly affected is obvious.

But what is more important is the general effect upon banking sentiment and policy. As long as the fear of such contingencies prevails, bankers will, of course, maintain maximum liquidity. In relation to business this means a continued reluctance to expand credit. In relation to the bond market, it probably means that for the time being banks will be more anxious to liquidate investments than to increase them.

The developments at Chicago can scarcely fail to provoke some pertinent questions. No intelligent person, of course, will contend that the Reconstruction Finance Corporation should risk public funds to save all banks, regardless of conditions. Nevertheless, there is certain to be wonder as to why this particular situation was allowed to develop. It may be that the public has been led to expect too much of the Government's remedial program. If that is so, disillusionment may be unfortunate.

In any event, it becomes necessary once more for investors to pay close heed to the trend of bank failures and of currency hoarding in coming weeks. Many bonds are at prices which would seem to discount virtually all con-

(Please turn to page 360)

The Magazine of Wall

THE MAGAZINE OF WALL STREET'S Bond Appraisals is a new feature designed to provide, in accordance with a growing public interest, the salient features of the more active and important bonds. In order to cover as large a portion of the list as possible, the feature is presented in two parts. This is the second part. In the future the two groups, covering from 80 to 100 bonds each, will alternate, with appropriate alterations and additions, so that holders and prospective buyers of bonds may be constantly informed on the largest number of active issues.

It is naturally understood that all the issues mentioned do not constitute recommendations, although the relative merit of each is clearly indicated. For those, however, who desire to employ their funds in fixed-income-bearing securities at this time, we have "starred" those which appear to us the most desirable on an investment basis. Generally, commitments should be assumed in accordance with the discussion accompanying this table.

Inquiries concerning bonds should be directed to our Personal Service Department.

Railroads

Company	Total funded debt (millions)	Amount of this issue (millions)	Fixed Charges times earned 1930	1931	Recent Price	Yield to Maturity	COMMENT
Atlantic Coast Line 1st Cons. 4s, 1952	155	51	1.9	1.3	67	7.1	Reasonably well secured issue.
Baltimore & Ohio 1st 4s, 1948	627	157	1.7	1.1	71	7.0	Secured by extremely valuable mileage.
Central R. R. of New Jersey Gen. (1st) 5s, 1987	57	49	1.5	1.0	79	6.4	High grade, but debt per mile is large.
Chesapeake & Ohio Gen. 4½s, 1992	224	50	4.2	3.5	81	5.5	Subject to some $42 million prior liens.
Chicago, Milwaukee, St. Paul & Pacific Mtge. 5s, 1975	477	106	1.3	.4	15	..	Junior issue and failure to earn charges disquieting.
Chicago & North Western Gen. 5s, 1987	350	141	1.5	.6	55	9.2	Recent drastic traffic recession somewhat alarming.
Cleveland, Cincinnati, Chicago & St. Louis Ref. & Imp. "E" 4½s, 1977	173	65	1.6x	1.0x	35	12.9	x Earnings are N. Y. Central's, lessee of the road.
★Erie Railroad Cons. Prior Lien 4s, 1996	288	35	1.3	.9	63	6.4	Unlikely to be disturbed under any circumstances.
Great Northern Gen. "E" 4½s, 1977	355	206	2.0	1.3	41	11.1	Secured by entire property and by pledge of Burlington stock.
Kansas City Southern 1st 3s, 1950	52	30	1.5	1.1	53	8.0	Reasonably secure obligation.
★Lake Shore & Mich. Southern 1st 3½s, 1997	670	50	1.6y	1.0y	73	4.9	y N. Y. Central's earnings, assuming co.—high grade.
Lehigh Valley Gen. 4s, 2003	90	72	1.4	.7	40	10.0	Anthracite traffic drastically lower.
★Northern Pacific Prior Lien 4s, 1997	313	107	2.2	1.6	76	5.3	Strong, well secured issue.
Pennsylvania R. R. Gen. 4½s, 1965	551	285	1.9	1.3	66	7.2	Reasonably safe issue.
Pere Marquette 1st "A" 5s, 1956	77	65	1.7	.5	35	..	No junior issue to act as cushion.
Texas & Pacific Gen. & Ref. "C" 5s, 1979	75	49	1.9	1.5	35	14.3	Subject to substantial prior liens.
★Virginian Railway 1st "A" 5s, 1962	66	60	2.1	1.8	76	6.9	Should easily earn fixed charges 1932—high grade.
Western Maryland R. R. 1st 4s, 1952	63	47	1.6	1.3	46	10.5	Present prices seem somewhat over-pessimistic.
Western Pacific 1st "A" 5s, 1946	54	45	0.9	.3	26	..	Lack of earning power warrants caution.

Public Utilities

Company	Total funded debt (millions)	Amount of this issue (millions)	Fixed Charges times earned 1930	1931	Recent Price	Yield to Maturity	COMMENT
Alabama Power 1st & Ref. 4½s, 1967	97	63	2.3	1.9	71	6.6	Junior issue with considerable merit.
Am. Power & Light Deb. 6s, 2016	364	46	1.7E	1.6E	44	13.5	Holding Company unsecured obligation.
Appalachian Elec. Pwr. 1st & Ref. 5s. 1956	85	63	2.2	2.0	80	6.7	Reasonably sound holding.
★Bell Telephone of Pennsylvania 1st & Ref. "C" 5s, 1960	97	85	2.7	2.8	100	5.0	Impressive earnings record—high grade.
Brooklyn Edison Gen. "A" 5s, 1949	67	56	6.1	6.2	101	4.9	Exceedingly high grade investment issue.
★Cincinnati Gas & Elec. 1st "A" 4s, 1968	35	35	5.3	5.4	88	4.7	Columbia Gas controls—highest class of utility investment.
Commonwealth Edison 1st "F" 4s, 1981	180	157	3.7	3.3	72	5.7	High grade, but Insull fiasco depressing influence.
Con. Gas of New York Deb. 4½s, 1951	313	110	5.5	4.9	90	5.3	Unsecured obligation of a strong company.
Cont. Gas & Electric Deb. "A" 5s, 1958	117	52	1.7	1.7	42	12.5	Among the better utility debentures.
Duke Power 1st & Ref. 4½s, 1967	64	40	3.0	2.7	87	5.3	Strong issue—interest charges well earned.
Illinois Power & Light 1st & Ref. "C" 5s, 1956	138	95	1.8	1.7	56	9.7	Represents large proportion total debt—medium grade.
Indianapolis Power & Lt. 1st "A" 5s, 1957	38	38	2.7	2.5	84	6.3	Reasonably safe holding.
International Tel. & Tel. Deb. 5s, 1955	187	123	2.3	1.8	21	..	Chaotic conditions abroad obscure outlook—fair speculation.
Jersey Central Power & Light 1st & Ref. (now 1st) "C" 4½s, 1961	42	42	3.0	2.8	89	5.2	Strong issue affected by Middle West control.
Kansas City Power & Light 1st 4½s, 1961	41	41	3.7	4.0	91	5.1	High grade investment.
Milwaukee Elec. Rly. & Light Ref. 1st (now 1st) 5s, 1961	64	64	2.5	1.9	75	7.0	Medium grade issue.
★New England Tel. & Tel. 1st "B" 4½s, '61	88	75	3.2	3.1	101	4.5	Gilt-edged.
Pacific Gas & El. 1st & Ref. "F" 4½s, '60	336	170	2.4	2.4	86	5.5	Strong investment issue.
★Pacific Gas & Electric Gen. & Ref. 5s, 1942	336	36	2.4	2.4	100	5.0	Prior in lien to the 1st & Ref. bonds.
Philadelphia Co. Sec. 5s, 1967	150	60	2.4	2.3	75	6.9	Secured ly pledge Duquesne Light common.
★Southern California Edison Ref. 5s, 1951	138	120	3.3	3.2	97	5.3	High grade issue—Interest amply covered.

Street's Bond Appraisals

Industrials

Company	Total funded debt (millions)	Amount of this issue (millions)	Fixed Charges times earned 1930	Fixed Charges times earned 1931	Recent Price	Yield to Maturity	COMMENT
American Rolling Mill Deb. 5s, 1948	43	24	1.1	def	39	..	Speculative—company hard hit.
American Smelting & Ref. 1st "A" 5s, '47	33	36	7.1	1.5	74	8.0	Affected by chaotic copper situation—issue, however, possesses decided merit.
Armour & Co. (Del.) 1st Guar. "A" 5½s, 1943	68	56	1.0c	def c	51	14.5	c Earnings of Armour & Co. (Ill.), guarantor—somewhat speculative.
California Packing Conv. Deb. 5s, 1940	15	15	1.2	def	51	..	Drastic decline in earnings over last year or two.
Dodge Bros. Deb. 6s, 1940	44	44	1.1d	1.7d	68	12.4	d Earnings Chrysler, assuming co.—Medium grade.
Goodyear Tire & Rubber 1st & Coll. 5s, '57	61	56	3.0	2.2	69	7.8	Medium grade obligation, despite present deplorable condition of the industry.
Illinois Steel Deb. 4½s, 1940	30	19	20.0a	3.4a	92	5.7	a U. S. Steel's earnings, guarantor of obligation.
Libby, McNeill & Libby 1st 5s, 1942	12	12	2.6	def	51	..	Earnings off sharply—speculative.
Liggett & Myers Deb. 5s, 1951	28	15	15.2	14.7	100	5.0	Exceedingly high grade issue.
★Liggett & Myers Deb. 7s, 1944	28	13	15.2	14.7	116	5.2	Senior to the 5s of 1951.
Loew's, Inc., Deb. 6s, 1941	32	11	NF	NF	70	11.4	Medium grade—affected by beclouded condition of the industry.
New York Dock 1st 4s, 1951	24	13	1.8	1.7	47	10.4	Probably over-depressed at present prices.
Paramount-Famous-Lasky (Now Paramount Publix) Deb. 6s, 1947	109	12	5.0	2.0	18	..	Prospects uncertain.
Std. Oil Co. of N. Y. (Now Socony Vacuum) Deb. 4½s, '51	99	50	4.6	.1	84	5.9	Strong debenture, despite recent drastic slump in earnings.
★Std. Oil Co. (N. J.) Deb. 5s, 1946	173	90	7.4	3.2	101	4.9	Industrial issue of the highest class.
Texas Corp. Deb. 5s, 1944	115	100	3.2	def	75	8.4	Medium grade, but deficit suggests caution.
Tobacco Prod. (N. J.) Coll. Trust Deb. 6½s, 2022	36	36	..	..	83	7.8	Secured by pledge of a lease agreement with Am. Tobacco—interesting issue.
Union Gulf Coll. Trust 5s, 1950	60	60	3.0b	def b	91	5.8	b Gulf Oil (Pa.) earnings, virtually guarantor of issue.
Western Electric Deb. 5s, 1944	35	35	4.3	3.3	92	5.9	Strong issue, though co.'s present earnings believed poor.
Wilson & Co. 1st 6s, 1941	20	19	2.6	def	66	12.4	Medium grade—company hard hit.

Short Term Issues

Company	Due date	Amount of this issue (millions)	Fixed Charges times earned 1930	Fixed Charges times earned 1931	Recent Price	Yield to Maturity	COMMENT
Bethlehem Steel P. M. & Imp. 5s	7.1.36	25	4.3	1.0	79	11.7	Steel industry badly depressed—"Medium to high" grade.
Chicago & Northwestern Deb. 6½s	3.1.36	15	1.5	.6	60	..	Road faces serious financial difficulties.
★Consumers Power 1st & Ref. 5s	1.1.36	33	4.5	3.7	101	4.7	Exceedingly high grade issue.
★Corn Products Refining 1st 5s	5.1.34	2	138.0	121.7	103	3.4	In the highest class of industrial investment.
★Cumberland Tel. & Tel. Gen. 5s	1.1.37	15	3.9m	3.7m	101	4.6	m Earnings Sou. Bell Tel. assuming co.—Highest grade.
Edison Electric Ill. (Bos.) Notes 5s	5.2.35	100	3.2	3.2	100	5.0	Company enjoys an excellent credit standing.
Glidden Co. Notes 5½s	6.1.35	6	1.0	1.5	71	..	Company hit by depression and past expansion.
Great Northern Gen. "A" 7s	7.1.36	206	2.0	1.3	55	..	Secured by entire property and deposit Burlington stock.
Lehigh Valley Coal 1st 5s	1.1.33	10	1.3	1.3	50	..	Secured on coal lands and guaranteed Lehigh Valley R. R.
Long Island R. R. Deb. 5s	5.1.37	6	3.4	2.9	75	11.7	Sympathetically affected general deplorable R. R. situation.
Milwaukee & Northern 1st Ext. 4½s	6.1.34	5	1.3n	0.4n	87	12.0	n Earnings of Chic., Mil. & St. Paul, assuming road.
New York Central & H. R. 4s	5.1.34	48	1.6p	1.0p	60	..	p Earnings N. Y. Central R. R., assuming co.—Strong issue under influence possible financial difficulties.
Portland (Ore.) General Electric 1st 5s	7.1.35	7	2.3	2.0	85	11.0	Well secured bond, but co. faces possible refunding difficulties.
★St. Paul, Minneapolis & Manitoba Cons. (Now 1st) 4½s	7.1.33	42	2.0q	1.3q	91	14.6	q Earnings Great Northern, assuming co.—High grade.
★Smith (A. O.) 1st 6½s	5.1.33	3	22.6	13.9	96½	10.3	Company's strong financial position reassuring—Interesting issue.
Southern Pacific R. R. (Cal.) 1st 5s	11.1.37	4	2.1r	1.2r	100	5.0	r Earnings South Pacific R. R., guarantor—High grade bond.
Texas Power & Light 1st 5s	6.1.37	25	2.2	2.0	92	6.9	Reasonably safe investment.
Third Avenue R. R. 1st 5s	7.1.37	5	1.6	1.9	85	8.8	Among the stronger traction issues.
White Eagle Oil Deb. 5½s	3.15.37	4	4.6s	.1s	100	5.5	s Earnings Std. Oil N. Y. (Socony-Vacuum) assuming co. Secured equally with co.'s own debentures.

E—Estimated. **NF—Not available.**

(*Continued from page 357*)

ceivable adversity, but if a psychology of fear should compel a further increase of banking liquidity, substantial early advance in the bond market is impossible and further decline is not unlikely.

The moderate sentimental impetus recently given the market by the announced formation of the American Securities Investing Corporation—popularly known as "the bond pool"—has waned. There was, of course, no reason to expect that even the expenditure of the full 100 millions of dollars raised by this group of banks would work magic upon the price trend. If the purpose of the corporation to make money be accepted at face value, its obvious policy would be to accumulate sound bonds as cheaply as possible, rather than to bid up prices.

Actually, the profit motive, which has been widely publicized, is only part of the story. The major purpose undoubtedly is to stabilize the market and check demoralizing decline. In relation to this worthy motive the test is yet incomplete. It appears probable that decline, rather than rally, will bring out the full strength of this program. Although the operations of the corporation are secret, it is generally believed that it has not yet made more than moderate purchases.

Political Factors

It is further believed that for the immediate present accumulation by this group has been curtailed as a result of increasing investment uncertainties of one kind or another. The middle western banking developments, above referred to, constitute one such uncertainty. Another is the Lausanne Conference, the outcome of which is still in doubt. This is a bond market influence of considerable importance, particularly as it affects German dollar bonds. There is a growing belief that under existing conditions Germany may not be able to maintain full payments of interest and amortization even on her private obligations. In this regard, a scaling down or protracted deferment of reparations payments would be constructive.

In several other middle European and Balkan states the situation remains so critical as to threaten financial collapse at almost any time. Since this is anticipated, in the absence of prompt constructive action by the larger European powers, notably France, it should have no very serious consequences in American markets, but until the uncertainty is removed it constitutes another factor making for investment restraint.

Political developments at home are not reassuring. Due to disagreement over the Federal program for relief of unemployment and to delay in completing economy legislation, the prospective adjournment of Congress is being pushed farther and farther into the future. It remains possible, however, to hope that another week or two will see the job finished. Until Congress adjourns the tendency of the investment market at best is to suspend judgment and await developments. Following adjournment, it would be possible for a somewhat better sentiment to take shape, but only provided a legacy of destructive legislation has not been left behind in a last-minute rush.

The legislation actually adopted thus far in the present session has been, on the whole, constructive. Loose Congressional talking, vacillation, delay and uncertainty have been the damaging elements. Chief a conference agreement compromising the terms of the Wagner and Garner relief bills, both of which have been vigorously criticized by President Hoover as "pork barrel" measures. The difference is that the Wagner bill provides less "pork" than the Garner bill.

The President's criticism can be reasonably accepted as implying a promise of veto. If such proves to be the case, the session will be further protracted, since it is conceded by all factions that some kind of relief legislation is imperative, at least to the extent of authorizing Federal loans of approximately 300 millions of dollars to the States for unemployment relief.

Check the Drain on Public Credit!

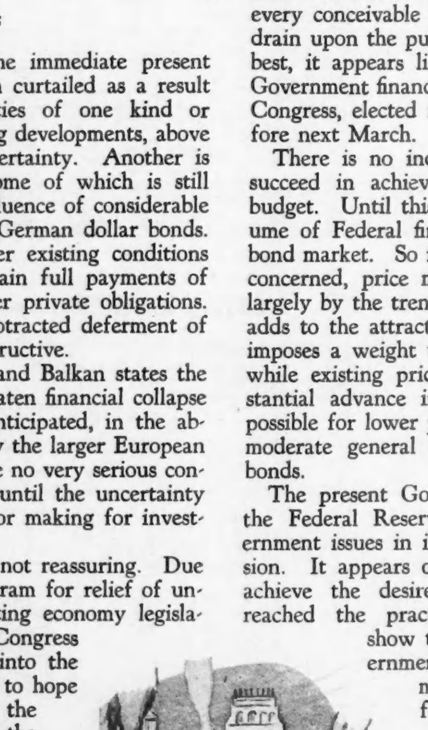
The bond market's reaction to the overwhelming victory of the Wagner bill in the Senate is unfavorable for the reason that this bill provides a Federal bond issue of 500 millions. That is moderate, as compared with the provisions of the Garner measure, but there is no reason whatever to accept this as the final limit on Federal borrowing for relief or other purposes.

The fact is that Congress continues to be a "spending Congress." Very little progress has been made in governmental retrenchment. On the other hand, agitation for every conceivable form of Federal relief, each involving a drain upon the public credit, thus far goes unchecked. At best, it appears likely now that the essential problem of Government finances will go over to be handled by the new Congress, elected next November and not to assemble before next March.

There is no indication that the present Congress will succeed in achieving even a theoretical balance of the budget. Until this is done the threat of an unknown volume of Federal financing will continue to hang over the bond market. So far as the best grade corporate bonds are concerned, price movements are certain to be dominated largely by the trend of Government bonds. High taxation adds to the attraction of tax-exempts and correspondingly imposes a weight upon good corporate issues. Moreover, while existing prices for Governments serve to bar substantial advance in other "money bonds," it would be possible for lower prices for Governments to bring at least moderate general scaling down of quotations for other bonds.

The present Government market has been "made" by the Federal Reserve System's heavy purchases of Government issues in its attempted campaign of credit expansion. It appears obvious that this program has failed to achieve the desired results and probable that it has reached the practical limit. Indeed, recent statistics show that Federal Reserve purchases of Governments has been sharply curtailed. They may soon cease, thus removing a prop from the bond market.

The "easy money" campaign of the central banking system has now turned to a 2½ per cent rediscount rate—a reduction of ½ of 1 per cent, and to moderately increased purchases of acceptances. But so far with little market effect. It has been clearly demonstrated throughout this depression that the level of interest rates has little to do with the demand for business credit. This fact apparently is so widely recognized that discount rate changes no longer have even temporary psychological effect upon the security markets.



Millions Can Be Saved in Unification of Railroad Facilities

With Consolidation at Least Temporarily Dead, Railroads Show Tendency to Follow Recent Example of British Roads in Sharing Facilities and Cutting Down Competition—Possible Advantage to Investors Is Promising

By Pierce H. Fulton

Some of the Railroad Facilities that Can Be Pooled

1. **Parallel Trackage Between Central Points**
2. **Freight Cars and Passenger Terminals**
3. **Bus and Truck Equipment**
4. **Collection and Distribution of Freight by Railway Express Agency**
5. **Fast Passenger Service**

WITH conditions as they are, and promise to be for some little time longer, it is not reasonable to expect that much will be done about general railroad consolidation until times change materially for the better. The most ardent champions of the consolidation idea have claimed that it would make possible big economies in operation—as much as several hundred million dollars a year. Those who have not been so enthusiastic about this undertaking—notably the executives of some of the largest and strongest systems—have doubted seriously the possibility of such savings.

Whichever group may be right it is obvious that other ways must be found of still further reducing operating expenses and of increasing net earnings proportionately. Most of the roads, except a handful of the very strongest, have gone about as far as justifiable, if not possible, even under present conditions, in cutting charges for maintenance of equipment, roadbed and structures. In every other respect, operating costs have been lowered severely.

This being so, it is necessary for railway managements to find what may be called constructive ways of operating their properties still more economically, if those that have not been able to earn fixed charges so far this year are to keep afloat. Severe reductions in maintenance, particularly of equipment, might be termed a destructive kind of economy. As traffic increases, this deferred maintenance must be taken up and will add materially to the operating costs of the railroads for some time, if it does not even necessitate the raising of new capital.

New Economies Necessary

The railroads cannot continue to pile up debt by borrowing from the Railroad Credit Corporation and the Reconstruction Finance Corporation. When the collateral of the borrowing railroads runs out they will have "reached the end of their rope." It does not seem to have occurred to many observers of the present critical position of the railroads that the R. F. C. may run out of funds, by the U. S. Treasury refusing to take more of its securities and to advance a corresponding amount of money. Bluntly, the United States Government, through the R. F. C., cannot go on indefinitely making advances to the railroads to keep them out of bankruptcy.

Plainly, therefore, the railroads must try to find new ways of helping themselves. In recent weeks a committee, made up of some of the best known and most influential executives, has given much time and thought to a study of the outstanding problems of the railroads and of the best ways of meeting them.

Knowing that general railroad consolidation of railroad properties cannot be counted on to help reduce operating expenses for some time to come, if ever, this committee has turned its attention to unification of facilities. There are several kinds of outstanding railroad facilities with respect to which the biggest savings are possible. They are chiefly parallel tracks between the same points, freight cars and passenger terminals in large towns and cities, and perhaps bus and truck equipment in the case of some of the railroads that have gone into these new mediums of transportation on the largest scale.

If some years ago the railroads of the United States had begun, and gone forward in a comprehensive way to unify and co-ordinate their respective and competing facilities, millions of dollars would have been saved and bankruptcies would have been averted. Take the notable case of the Chicago, Milwaukee & St. Paul Railway, as it was known before reorganization a few years ago. When the building of the

Pacific Coast extension of that system was under contemplation, and even serious consideration, it would have been possible to make a trackage agreement with the Northern Pacific, which had had a line all the way to the Coast for many years, and which served a considerable part of the Far Western territory that the St. Paul proposed to invade. Acceptance of trackage rights from the Northern Pacific, that would have involved the building of some additional line by that company, would have obviated the construction of the St. Paul extension to the Coast.

The management of that road decided, however, that it must have its own line and thereby establish and maintain its identity as a Transcontinental system, in competition with Northern Pacific and also Great Northern. The extension was built in due time at an enormous expense which, more than anything else, "broke the back" of that great railroad that for many years had been justly called the "Premier Railroad of the Northwest."

After the St. Paul extension had been in operation for a few years the management realized that the system as a whole could not stand up against Northern Pacific and Great Northern, particularly the former, for two outstanding reasons. There was not enough traffic in the territory as a whole to make possible earnings that would enable the three systems to thrive as railroads of their size were entitled to do. The St. Paul had to depend chiefly on through business. It lacked the branches to supply a large volume of local traffic, that Northern Pacific had developed through the years. St. Paul being the latest in the field, so far as the western end of the system was concerned, it could not survive and went into receivership.

Since reorganization there has not been enough traffic for the three roads, although in the boom period of 1928 and 1929 they did do reasonably well. There will not be enough traffic for some years to come to enable them to make the showing for their stockholders that they should. While, of course, the severe depression in business in the past two and a half years has had much to do with the serious shrinkage in the earnings of all three of those northwestern systems, so that so far this year each has fallen far short of earning its fixed charges, much of the loss in earnings in the case of St. Paul and Northern Pacific could have been saved if the St. Paul management had not been unjustifiably ambitious to have its own line all the way to the Coast.

A "Czar" for the Railroads Possible

A "Czar" for the railroads of the United States is in the making. His powers would not be as comprehensive as those of Will Hays in the movies and Judge Landis in baseball. Specifically, they would be limited to the settlement of disputes arising from objectionable competitive practices of the last few years for getting traffic. These practices have been condemned severely by the Interstate Commerce Commission, other prominent government bodies and officials, and even by some well-known railway executives. A committee consisting of Daniel Willard, chairman; J. J. Pelley and Carl R. Gray, is carefully studying the whole question and is likely to recommend, at an early date, that the railroads "clean house" by pledging themselves to discontinue the practices in question and submit to decisions of proposed "Czar" in case of disputes. This done, the railroads will ask for comprehensive legislation to protect their interests. This radical step with respect to a "Czar" is in addition to plans for unification of facilities—tracks, terminals and equipment.

Intensive Competition

There are many other ways in which the railroads have gone to unwarranted lengths as the result of their extreme competition one with the other. In no respect has this been more conspicuous than in the operation of so-called "crack" passenger trains between important centers by the leading systems. To some extent this has been true also in the building of passenger terminals in these same cities.

So keen has been the competition for the steadily decreasing volume of traffic, that these important systems have vied one with the other to add some feature of convenience or novelty to their respective trains, in the hope of getting the traffic away from a competitor, until some of the things that have been done have bordered on the ridiculous. In fact, this competition has gone to such absurd lengths in some particulars as almost to represent no more than an effort "to keep up with the Jonses."

Serious consideration should be given by competing roads to the "staggering" of their through trains and to the interchange of the use of passenger terminals in some of the large cities. It has been claimed by railway executives who have declined to take these steps that they would tend to lessen the identity and prestige of the roads doing it, and undoubtedly would result in the loss of traffic. In reply it may be noted that the consolidated ticket offices that were opened in New York City during government control of the railroads have been continued, except that some have been closed for economy sake, where they were comparatively close together.

It is yet to be learned that the joining of forces in the use of these offices has resulted in the loss of prestige or actual business by the participating roads. A few well known companies are still maintaining their old time individual passenger and freight traffic offices in high rental areas, presumably at a considerably greater expense than their pro rata share would be in the consolidated offices.

It became apparent to farsighted and sound thinking railway executives some little time ago that this foolish strife could not be allowed to continue with times such as they have been since late in 1929. While some new "frills" have been added to some passenger trains by some roads, even recently, the tendency, broadly speaking, has been to curtail in this respect, and even to take off several of the trains that had been advertised most widely. This was done, for instance, early this season by the Illinois Central, in the case of its so-called "Panama Limited," which operated between Chicago and New Orleans. It is officially estimated that the elimination of this one train will result in a saving of more than $400,000 a year.

The railroads have done much in the

way of readjusting and consolidating their individual passenger services. For instance, Charles Donnelly, president of the Northern Pacific, says that in the past year that company has eliminated 3,000,000 passenger train miles by such revisions. Another revision that recently went into effect on that road will take off 750,000 miles more a year. New York Central has just made further changes in its passenger schedules that will eliminate 1,620,000 additional passenger miles annually. In the past two years this mileage has been cut down on that system by the striking amount of 12,500,000 miles.

It is to be doubted that as a result of these steps patrons of the roads that have taken them have suffered any material inconvenience. In this way the railroads have effected important savings. So far they have not been willing to give even estimates in dollars, but anyone at all familiar with the operation of passenger trains knows that it is costly in the extreme to cover the number of miles annually indicated in the foregoing figures.

It is obvious that, with conditions the way they are and are likely to be with the railroads for some little time to come, and particularly in view of the steady expansion in the new mediums of transportation, notably motor bus and truck, private automobile, airplane and inland waterways, the railroads will have to do much more than to eliminate, unify and consolidate their individual services. They will have to consider seriously the unifying of their own facilities with those of competing roads.

Avoiding Government Ownership

It is to this very problem that a special committee of executives has been giving much attention for some weeks. At a recent meeting in New York, a preliminary report on their deliberations was presented to the Advisory Committee of the Association of Railway Executives. The former committee is composed of some of the more progressive executives. It is understood that the more conservative and reactionary members of the Advisory Committee of the Association did not take kindly to several of the more important proposals with regard to coordination of facilities as between competing systems.

This is most unfortunate, but the progressives are bound to win out eventually, or the railroads of the United States will lose out,—and the reactionary executives their jobs—and suffer further severe losses in earnings if not still more serious consequences, notably government ownership. It is a regrettable fact that all through the years, particularly in the past 10 or 15 years of the keenest railroad competition in this country, there has been an altogether too strong and individualistic spirit and attitude on the part of those who have directed some of the biggest earning systems. They have not been willing to help the weaker lines, as obviously they should have done, for the good of the railroads as a whole—and even for that of themselves.

It is much the same spirit that has been strikingly in evidence in many recent international negotiations with respect to reduction of armaments, navies, etc. The day for that kind of thing in international dealings should be over, and so it should be in the handling of the big problems confronting the railroads of the United States. Upon a wise and broadminded solution of those problems largely depends the future of our railroads.

Those who have taken this unfortunate attitude and are still maintaining it, with respect to American railroads, have much to learn from the managements of the largest steam railroad systems in the British Isles. Recently official announcement was made that the London, Midland and Scottish and London & Northeastern railways had decided to go so far as to pool traffic and earnings, as well as facilities. Those railway managements made up their minds, that under conditions prevailing in their respective territories it was folly to attempt longer to maintain distinctly individualistic systems in every respect.

Those who have worked out the plans for the pooling of traffic and

(*Please turn to page 379*)

Preferred Stock Guide

NOTE: The following preferred stocks are listed solely in accordance with the current yield on each. The sequence of Guide, therefore, does not indicate a preference for one issue over any of the others. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1929	1930	1931	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	182.20	138.50	92.03	No	67	6.0
Union Pacific	4 (N)	49.48	41.30	25.50(e)	No	41	9.8

Public Utilities

N. Y. Tel. Co.	6½ (C)	118.62	121.92	141.30	110	104	6.2
Consol. Gas of N. Y.	5 (C)	31.04	32.69	32.00	105	80	6.2
Pacific Gas & Elec. 1st	1½ (C)	4.57	5.37	5.06	No	22	6.8
So. California Edison "B"	1½ (C)	3.61	3.63	3.24	28¾	20	7.5
New York Steam Corp	7 (C)	10.21‡	16.95‡	20.19‡	115	92	7.6
Public Service of New Jersey	8 (C)	24.44‡	22.10‡	18.85‡	No	102	7.8
New York Steam Corp	6 (C)	10.21‡	16.95‡	20.19‡	105	71	8.5
North American Co.	3 (C)	47.48	49.10	41.55	55	32	9.1
Buffalo, Niagara & Eastern Pr.	1.6 (C)	5.19	4.97	4.92	26¼	16	10.0
North Amer. Edison	6 (C)	58.98	49.65	39.13	105	56	10.7
Columbia Gas & Electric "A"	6 (C)	33.95	26.86	22.75	110	46	13.0
United Corp.	3 (C)	4.66	6.46	7.41	55	23	13.0
Philadelphia Co.	3 (C)	27.58	28.27	26.13	No	21	14.3

Industrials

Procter & Gamble (2nd)	5 (C)	151.75	178.16	130.97	115	87	5.8
Stand. Brands, Inc., Cum. A.	7 (C)	129.41	111.03	155.72	120	113	6.2
Liggett & Myers	7 (C)	97.79	106.61	102.70	No	106	6.6
Diamond Match	1.5 (C)	....	2.86	3.56	No	22	6.8
Commerc. Investm. Trust 1st	6½ (C)	81.92	90.87	87.42‡	110	95	6.8
Allied Chem. & Dye	7 (C)	76.88	63.90	48.20	120	101	6.9
du Pont (E. I.) de Nemours deb.	6 (C)	78.54	56.22	48.41	125	85	7.1
Mathieson Alkali Works	7 (C)	98.91	84.68	56.64	No	94	7.4
General Mills	6 (C)	18.86	20.03	16.44	115	77	7.8
Lorillard (P.) Co.	7 (C)	11.82	31.96	42.86	No	89	7.9
Colgate-Palm-Peet	6 (C)	62.24	49.51	25.76	102½	74	8.1
General Cigar	7 (C)	35.92	64.03	54.41	No	84	8.3
Hershey Conv.	†5 (C)	21.36	24.24	26.18	No	59	8.5

C—Cumulative. N—Non-cumulative. † Regular rate, $4. ‡ On combined preferred. (e) Estimated.

COLUMBIA GAS & ELECTRIC

Growth Unhampered by Adversity

Important Link in Eastern Super Power Expands Gas Service—Foundation Laid for Recovery in Earnings Position

By FREDERICK J. McDERMOTT

PERHAPS the people of this country are now witnessing the operation and result of what might be called the, "Eighth Wonder of the World"; that is, the peculiar twist of the human mind which results in "mob psychology" when it functions collectively and by which the very things that command respect, admiration and create the desire to possess can be the very elements, at a later date, which cause the very opposite reaction.

For example, those securities most sought after a few years ago are among those that are being shunned today. Peculiar as it may seem, the very reasons why such investments were desired in 1928 and 1929 are now cited as excellent reasons for their rejection. Perhaps this is the reason why Columbia Gas & Electric Corp. securities have lost ground marketwise while the organization continued to progress despite the prevailing unfavorable business conditions.

Keeping the above thoughts in mind, let us review the progress and operations of the Columbia System for the past few years. The unprejudiced will certainly admit that the system is making progress and laying a groundwork for substantially recovering earning power.

The Columbia Gas & Electric Corp. is primarily engaged in the production, transmission and sale of natural and manufactured gas, particularly natural gas. The company is also interested in the production and sale of electricity in no small way, regardless of the fact that its electric operations are mainly confined to Ohio. Naturally these two main operations include the production and sale of various other utility services such as steam heating, street railways, gasoline and water supply. However, today, the main operations of the system are in connection with its natural gas properties, which must be considered of national importance.

Originally, the company confined its activities to Ohio, particularly about the cities of Cincinnati and Dayton. Even today the production and sale of electricity and allied products are confined to this territory and must be considered highly developed. The territory is particularly attractive for this type of enterprise because of its intense manufacturing and commercial population. However, the territories immediately adjacent to this hold forth untold wealth and potentialities through the development of natural gas. For this reason the system made a successful bid for national prominence as a utility enterprise about five years ago.

Through acquisitions, contracts, alliances and developments, the Columbia System has achieved virtual control of the southern natural gas deposits in West Virginia, Ohio, Indiana and Kentucky, as well as some very promising properties in Pennsylvania and New York. At the same time, through the building up of high pressure transmission lines, the System holds a key position in the development of the Texas fields and other natural gas developments. Today the system is thoroughly interconnected so that it is possible to transmit gas from Texas to New England through its own lines and those to which it is interconnected. As a matter of fact its lines now supply western New York and extend to the gates of New York City. In addition the company

Columbia Gas & Electric Corporation and Subsidiary Companies

FOR YEARS ENDED DEC. 31

	1931	1930	1929
Gross Premiums	$89,404,033	$96,129,808	$100,328,875
Renewals, Replacements and Depletion	7,258,509	8,138,473	8,874,470
Total before C. G. & E. Fixed Charges	28,233,239	30,058,133	35,532,561
†Interest Charges (Net)	5,901,350	3,559,379	3,371,422
Net before C. G. & E. Dividends	22,331,889	26,498,754	32,161,139
Preferred Dividends	5,880,374	5,879,991	5,751,474
Balance	$16,451,515	$20,618,763	$26,409,665
Common Shares Outstanding	11,609,985¾	11,684,220¼	10,596,530‡
Earned per Share	$1.42	$1.76	$2.49‡

† Less interest charged to construction.

‡ Adjusted to give effect to 25% dividend paid in common stock March 31, 1930.

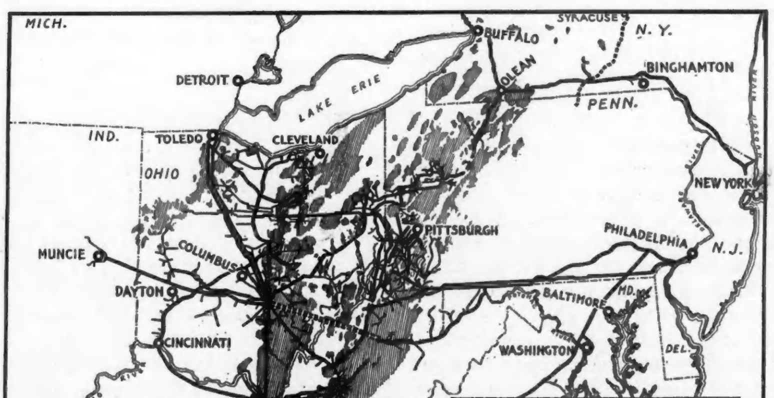
is now making a real bid for retail distribution in all territories adjacent to its transmission lines by securing franchises in various cities and towns.

A more recent development of the company is the extension of its activities to include the supplying of natural gas to other utility companies and systems for mixing with their own manufactured gas. This field has particularly promising possibilities. For instance, the Syracuse Lighting Co., Inc., a member of the renowned Niagara Hudson System now mixes natural gas of the Columbia System with its own manufactured product. Furthermore, the Syracuse system has just been permitted to use a thermal basis for promulgating rates in place of the cubic foot. This is a very favorable development for the natural gas business because it demonstrates that the governmental powers recognize the superiority of the heating powers of natural gas over manufactured gas, in New York State, at least.

Up to this point we find that the Columbia Gas & Electric Corp. has developed a super gas system, thoroughly interconnected and built up to the point where it holds the key position in this particular class of utility enterprises. It virtually controls the most attractive and highly populated area east of Chicago, as far as natural gas is concerned. In addition, its electrical department controls that class of business in the territory surrounding Cincinnati and Dayton, Ohio. So much for the analysis of the physical and geographical growth of the company.

Those interested in the development of utility enterprises in the United States have been closely following the activities of the so-called Morgan, Bonbright, Drexel group. It was freely prophesied a few years ago that this group were going to develop a super-power utility system covering the Atlantic Seaboard and the eastern part of the United States. To date this group has confirmed these prophecies by its activities in connection with the United Corp., Niagara Hudson Power, Consolidated Gas of New York, Commonwealth & Southern, Public Service of New Jersey, United Gas Improvement and others. However, analysts have been rather vague in fitting the Columbia Gas & Electric Corp. into this scheme. Nevertheless, the company has its place in this group not only through its physical plant and property developments, but also through the ownership of a large block of Columbia stock by the United Corp. It appears that Floyd F. Carlisle is a key man in the development of the utility interests of the Morgan, Bonbright, Drexel group and his recent election to the board of directors of Columbia, together with its recent physical tie-up with Niagara Hudson Power, through its subsidiary, the Syracuse Lighting, further confirms the inclusion of Columbia in the huge super-power utility system of the East.

But while it is apparent that Columbia is included in this project it is unlikely that it will be the first to be worked intensively in connection with these plans. This theory is based on the premises that the Columbia System still has considerable expansion ahead of it and although its progress has undoubtedly been retarded due to general conditions, it must and will continue further before it is in shape to complete the general scheme of this group. The expansion of the main projections of its pipelines and its control of the natural gas supply has placed it in a position where it will fit into every one of the previous mentioned systems of the Morgan Group. Fortunately this expansion was almost entirely financed at a time when financing was easy. Now if the natural gas business really holds any of the promising prospects reported in 1929 and it most certainly has bright prospects, then the Columbia System holds the key position in an industry with the finest future prospects today. Not only that, but it is in a position to capitalize its present resources and advantages through its associations and its connections with the Morgan Group.



The System's recent contact with Standard Oil of New Jersey has further improved its standing and future prospects. Therefore one can readily understand why the system is continuing to progress in this adverse period of depression. Furthermore, very few enterprises today can boast of more able and substantial sponsorship and management.

In view of the rather conservative capitalization of Columbia, Gas & Electric Corp., it is rather hard to realize that its securities have been so weak marketwise. An examination of the capital set-up of the company would eliminate this as a cause for public apprehension, except possibly for the item of "notes receivable." On a percentage basis the capital structure is made up of about 30.8% bonds—6.9% notes—28.5% preferred stocks and 33.7% common stock, represented by 11,609,995 shares of no par value on March 31, 1932. This set-up is conservative even for a natural gas company and particularly Columbia, in view of the heavy depreciation and depletion item charged off in its income statement.

In regard to the item of "notes receivable," it should be noted that the company is continuously paying these notes off and in the three months' period from January 1 to March 31, 1932, notes payable have been reduced from forty-four million to thirty-seven million. Furthermore, the payment of common dividends in preferred stock instead of cash, as heretofore, will allow the company to eliminate this item shortly and considerably improve its financial position.

The only remaining unfavorable feature of the Columbia Gas & Electric Corp. picture is the continued decline in income, which is a condition com-

(Please turn to page 380)

After Three Years of Depression—

What is the Investment Outlook For These Companies?

THIS is the second of a series of brief sketches on important companies in which there is broad security interest. Investors will find in them a concise picture of how corporations in which they are present or prospective partners are meeting the difficulties of these unusual times. The analyses presented below are designed to fill this need and are not to be construed as recommendations for present purchase. In fact, numerous companies in an unfavorable position will be frankly discussed as well as those more fortunately situated. Selections may of course be made from those favorably described but even in these it is not recommended that commitments be assumed until general counsel to do so is given in the market article which appears in each issue of this magazine.

It will be noted that at the top of each analysis there is a suggestion as to the trend of the industry—and an indication of the company's financial strength. On the basis of quick assets, particularly cash, many stocks appear cheap but it should be borne in mind that the predominant factor in fixing present-day prices is current earning power—not the earning power in prospect or of recent years or even last year but earning power today under adverse conditions.

Standard Oil Co. (New Jersey)

Position of the industry: Internal chaos—now showing some signs of improvement—has more than offset virtual immunity to effects of depression.

Co.'s working capital **$588,238,363**
Cash or Governments **73,196,486**

Price	Div.	Yield
$23	$1	4.3%

SOME time prior to the general disaster which was heralded by the stock market crash in the fall of 1929 the oil industry was well embarked upon a sea of trouble. Reckless overproduction in all branches of the industry and the resultant cutthroat competition entirely offset the constantly expanding demand and led to a state of affairs where the making of money was almost an impossibility. Even the Standard Oil Co. (N. J.) with all its position and power conformed to the general trend. Earnings, which were equivalent to $4.75 a common share in 1929, fell to $1.65 a share in the following year, while for 1931 only 34 cents a share was shown.

Now, just as the industry is succeeding in bringing order out of chaos internally, it is confronted with such a deepening of the general depression that its past advantage of a constantly growing demand is likely to be lost temporarily. Will this undo the internal progress which has been made? It will undoubtedly be an adverse influence, but there is reason to believe that the oil industry has at last learned its lesson and the deplorable conditions existing last year, for example, will not readily be allowed to develop again. Should the future prove this assumption correct, the Standard Oil Co. (N. J.) will undoubtedly do better in the present year than in 1931. It may not, however, succeed in earning both the regular dividend of $1 a share on the common stock and the customary extra of the same amount. And the company itself has already stated the obvious fact that unearned dividends cannot be paid forever.

United Corp.

Position of the industry: Inherently stable, but subject to possible governmental interference.

Co.'s working capital .... **$160,000,000 Approx.**
Cash or Governments .. **Almost negligible, but not essential.**

Price	Div.	Yield
$4	$0.40	10%

WHILE the United Corp. was born in the boom era, the event took place under impeccable auspices and strong sponsorship. It was generally supposed that the company's object in acquiring large holdings in the United Gas Improvement Co., the Public Service Corp. of New Jersey and the Mohawk-Hudson Power Corp. (now Niagara Hudson Power) was the eventual formation of a colossal Eastern superpower organization. Indeed, a number of moves have been made since which might be considered as furthering this plan. For example, the company acquired an interest in the Consolidated Gas Co. of New York and high tension wires connecting the latter with Niagara Hudson are now almost completed. A large interest in Columbia Gas & Electric has been acquired also and there was at one time talk of providing New York City with natural gas through this system.

The depression, however, has tended to change ideas of expansion to consolidation and the United Corp., while having something of the attributes of a holding company, is now little more than a public utility investment trust, dependent for its revenues upon the dividends of its holdings. Despite the fact that the public utility industry is inherently stable, it operates under a load of debt which tends, as regards common stocks, to exaggerate small fluctuations in gross business. It is for this reason that United Corp.'s per share earnings today are little more than half those of a year or so ago. Nevertheless, except for the remote possibility that United Corp. be affected directly, or indirectly through the operating companies, by some ad-

verse governmental move, its shares have been deflated to a point where they are not without certain attraction as a long pull speculative holding.

United Aircraft & Transport Corp.

Position of the industry: Continues to expand fast on a unit basis, but lower prices reduce earnings.

Co.'s working capital **$22,362,490**
Cash or Governments **17,791,526**

Price	Div.	Yield
$8	—	—

AS a completely integrated unit in a coming field, the depression has not affected the business of the United Aircraft & Transport Corp. quite as might have been expected. The smaller demand for airplanes, engines and parts has, of course, hurt the company's manufacturing operations. On the other hand, the growing popularity of air travel brought about in part by fares which compete closely with railroad rates has raised the company's passenger business phenomenally. And this, despite lowered pay for airmail, has enabled money to be earned throughout the whole of this most difficult period.

The peak of United Aircraft's earnings was in 1929 when $4.52 per common share was reported. In the following year $1.24 was shown, while in the past year the company succeeded in earning an amount equivalent to $1.04 a common share. Profits in the March quarter of 1932 were equivalent to 12 cents a share against 30 cents in the corresponding previous period. Adding to the assurance afforded by the company's ability to stay out of the "red," there is the matter of an extraordinarily strong cash position and no funded debt. While the common stock of United Aircraft & Transport is definitely a speculation, the $3 preferred to which a warrant is attached combines long range profit possibilities and a measure of safety.

Standard Brands, Inc.

Position of the industry: Inherently stable, though a further deepening of the depression might easily lessen the demand for packaged foodstuffs in favor of the cheaper bulk product.

Co.'s working capital **$34,498,537**
Cash, Governments, State Bonds, etc. **19,729,025**

Price	Div.	Yield
$10	$1.20	12%

STANDARD BRANDS, INC., is the result of an exceptional boom merger—one which was economically justified. But because it was justified and because it invariably takes some time to bring out all the advantages of even a well-conceived consolidation, it is impossible to know exactly how the conditions of the past year or two have affected the company. The adverse influence of depression has been almost entirely offset by the realization of the merger's advantages. Grounds for this statement are provided by the company's remarkable stable earnings record. For 1929, the merged companies reported earnings equivalent to $1.37 a share of Standard Brands' stock. For the following year the company itself showed $1.22 a share, while for last year $1.08 was reported. The last figure, however, is after inventory writedowns and the adjustment of the current assets of foreign subsidiaries in depreciated currencies to a gold basis. For the first quarter of this year the company reported earnings of 30 cents a share, or an amount exactly equal to that earned in the corresponding previous period, and also an amount exactly that necessary to cover regular dividend requirements of $1.20 annually.

The present investment position of Standard Brands common is difficult to judge. Barring general improvement which would naturally raise the public's purchasing power and react to the company's advantage, it is a question whether further economies from the merger can be realized to offset the effects of further business recession. Nevertheless, the company is well entrenched, strong financially, and engaged in a business which so far has proved comparatively stable. These factors, despite some uncertainty as to the maintenance of the present dividend, warrant a moderately constructive attitude being taken of the issue.

Timken Roller Bearing Co.

Position of the industry: Depressed—Offset to some extent by the discovery of new applications for roller bearings.

Co.'s working capital **$20,343,132**
Cash or Governments **5,823,036**

Price	Div.	Yield
$9	$1.50	16.7%

WITH the decline in automobile production, a dearth of new machinery construction and the financial morass in which the country's railroads now find themselves, it is hardly surprising that the Timken Roller Bearing Co. has been unable to offset a smaller volume of business in the old lines with the discovery of new applications for its product. Earnings which in 1929 were equivalent to $5.88 per share of common stock fell to $1.06 a share for last year. For the first quarter of 1932 only 9 cents a share was reported compared with 54 cents in the corresponding previous period.

Nevertheless, the aggressive research carried on by the company to widen the scope of roller bearings has met with a considerable measure of success and last year more than 600 new applications were secured. This augurs well for the time when general business again turns upwards. In the meantime, however, despite the laying of a firm groundwork, no phenomenal improvement in Timken's own business can reasonably be expected and, while the dividend on the common stock was reduced but recently from $2 a share to $1.50, even the lower rate cannot be considered assured.

Union Carbide & Carbon Corp.

Position of the industry: Company's operations so diverse that its business reflects in large measure general conditions.

Co.'s working capital **$69,987,797**
Cash or Governments **14,311,604**

Price	Div.	Yield
$16	$1.20	7.5%

IT is almost impossible to treat briefly Union Carbide's showing in the present depression, for the company's activities are too diverse to have all been affected equally. Its chemical business reflects the low ebb of industry in general although this section has suffered more from a falling volume than from lower prices. Its commercial gas business has been hit by the smaller automobile production, less railroad shop and other repair work, and the decline in construction. The company's production of alloys has been affected by similar factors. On the other

hand, certain trade-marked manufactures have undoubtedly held up well.

Nevertheless, while Union Carbide's business has been less adversely affected than industry in general, the trend has been distinctly downwards. Per-share earnings of $2 in 1931 compare with $3.94 in 1929, while for the first quarter of the current year only 22 cents a share was shown. As a result of the decline in earnings, dividends at the rate of only $1.20 a share annually are now being paid and, except in the event of general improvement, even this rate cannot be considered wholly assured. There is, however, much comfort to be derived from Union Carbide's strong cash position and this, combined with the certainty that the company's business will reflect immediately any turn for the better, provides grounds for moderate optimism.

American Can Co.

Position of the industry: Feeling on the one hand curtailed canning activity and on the other the lessened demand for general line containers.

Co.'s working capital	**$36,573,333**
Cash or Governments	**6,309,522**

Price	Div.	Yield
$32	$4	12.5%

IT was not until last year that the American Can Co. really began to feel the effects of depression. Inevitably, however, the low price to which canned foodstuffs had fallen curtailed activity in this line, either directly by making it much less profitable to preserve, or indirectly by making it difficult for packers to obtain financial backing. Moreover, the business of paint and candy makers, tobacco manufacturers and other large users of cans has steadily shrunk with the result that both divisions of American Can's business are running materially below the rate of more prosperous years.

It is not possible, however, to say exactly to what extent the company's business has been affected, for no interim reports are published. But that earnings for the current year will fall considerably under the $5.11 a share shown for 1931, is almost certain. Indeed, it is believed that they will fall short of the $4 necessary to cover regular dividend payments on the company's common stock. If this were so, and in view of the fact that the construction program which has involved an expenditure of some $19,000,000 over the past two years has been halted in order to conserve cash, it is reasonable to suppose that the dividend might be cut for the same purpose. There is too much uncertainty and too little concrete information to make new purchases of the stock advisable at the present time.

National Dairy Products Corp.

Position of the industry: More stable than most; subject, however, to some price cutting.

Co.'s working capital	**$45,196,289**
Cash or Governments	**23,446,408**

Price	Div.	Yield
$15	$2.60	17.3%

WIDESPREAD unemployment and the reduced incomes of those remaining at work have reacted adversely even upon the sale of necessities, although not to an extent comparable with other lines. Moreover, such companies as National Dairy Products have been able to offset some of depression's effects by internal economies with the result that their showing under the circumstances has been very creditable.

For last year National Dairy Products reported consolidated net income equivalent to $3.47 a share of common stock, compared with $4.10 in the previous year. The regular dividend of $2.60 a share annually was therefore covered with a comfortable margin to spare. The company's business in the present year is not believed to have run materially under that of 1931 and it is difficult to assign a reason for the low price for which the stock is currently selling. Perhaps today's quotation can be attributed more to prevailing pessimism and theoretically possible disasters than to any actual adverse developments in the company's business. It is true, of course, that there has been scattered price cutting in the distribution of dairy products and that were the war to become general it would have serious consequences. So far, however, this has not occurred and it is not unreasonable to suppose that the important companies in the field will do everything in their power to avoid it.

P. Lorillard Co.

Position of the industry: Curtailed public purchasing power at last having adverse effects.

Co.'s working capital	**$57,808,008**
Cash or Governments	**13,812,652**

Price	Div.	Yield
$10	$1.20	12%

IT was not until quite recently that the depression commenced to have adverse effects upon the sale of tobacco products. But in the last few months smoking has declined drastically. For the first five months of the year, cigarette tax withdrawals were nearly 14% under those of the corresponding previous period, cigars about 16%, manufactured tobacco about 3%, while even snuff, the most stable of all tobacco products registered decline. While the P. Lorillard Co. is not a maker of snuff, it is well represented in the other three main divisions of the industry and there is no reason to suppose that the company has been able to so increase its proportion of the total business as to offset the greatly lowered amount which is available.

Under these conditions earnings for the whole year 1932 will fail to reach the $2.12 a common share reported for the previous year. The decline in the company's business, however, is not thought to have reached the point where the recently inaugurated $1.20 dividend is seriously endangered, although further recession might easily put a different complexion upon the matter. We would be inclined to avoid junior equities in tobacco companies until such time as the trend of tobacco consumption be reversed, or at least until such time as it shows evidence of stabilization.

Sears, Roebuck & Co.

Position of the industry: Hurt by the great curtailment of the public's purchasing power and the decline in commodity prices.

Co.'s working capital	**$98,523,371**
Cash, Government and other securities	**24,188,982**

Price	Div.	Yield
$10	—	—

IN common with most retail businesses Sears, Roebuck & Co. did comparatively well during the first part of the current depression. True, sales declined and there was the problem of inventory loss. Nevertheless, by putting into effect economies of all sorts these adverse influences

were offset to an extent which enabled the company to operate moderately profitably. Earnings in 1930 were equivalent to $3.01 a common share compared with $6.62 in the previous year, while for 1931 $2.47 a share was reported. But in 1932, the company's business evidentally took a turn for the worse. Sales for the twenty weeks ended May 21 were almost 21% lower than for the corresponding period of last year and in view of the actual showing and uncertain prospects the company deemed it advisable to entirely omit dividends on the common stock.

Among the favorable factors in Sears' investment position at this time is the large deflation which has already taken place in the stock, and a more than ordinarily strong financial position. On the other hand, a deepening of the depression, or even its continuance at the present level, will further reduce the public's purchasing power and naturally react to the disadvantage of the company. In a word, the business of Sears, Roebuck & Co. depends upon the prosperity of the country and until general conditions become better than they are at the moment no phenomenal improvement either in the company's business or in the price of its stock can reasonably be expected.

Corn Products Refining Co.

Position of the industry: Used as a food, the products of corn are probably expanding. Industrial demand, however, has declined.

Co.'s working capital **$46,357,497**
Cash or Governments **8,486,272**

Price	Div.	Yield
$27	$3	11.1%

DEPRESSION has impinged upon the business of the Corn Products Refining Co. in a manner far from clear-cut and the effects of any general improvement in all probability will be equally involved. So far as its food producing activities go, the Corn Products Refining Co. is believed to have done fairly well, although even this division has been considerably complicated by reason of tariffs, the farm board and other bars to exportation. Nevertheless, these difficulties were largely overcome by concentrating the foreign business in foreign plants, thereby overcoming the artificially high price for corn which has prevailed in this country and also overcoming any tariff imposed by the country of manufacture. On the other hand, the industrial demand for the products of corn has undoubtedly been adversely affected by curtailed activity in rayon, soap, paint and varnish manufacture. Moreover, because the Corn Products Refining Co. has, by virtue of its subsidiaries and other holdings, many of the attributes of an investment trust it has naturally been adversely affected by the drastic decline in security prices, dividends and interest payments. Conversely, of course, it will be favorably affected by the inevitable, though distant, rise in security prices.

Earnings from the peak of $5.49 a common share in 1929 declined to $4.86 in the following year, while in the past year only $3.54 was reported. For the first quarter of the current year the company showed earnings of 66 cents a common share compared with 77 cents for the corresponding previous quarter. The regular $3 dividend is no longer being earned and, despite a strong financial position, under these conditions it cannot be considered wholly safe. Nevertheless, the Corn Products Refining Co. has weathered the present depression a great deal better than industry in general and as there is no immediate prospect of the dividend being passed altogether, the stock is one towards which at moderately lower prices a constructive attitude is justified.

General Motors Corp.

Position of the industry: Period of adolescent growth now over and future likely to be intensely competitive for a more or less stable volume of business.

Co.'s working capital **$271,536,282**
Cash or Governments **179,382,858**

Price	Div.	Yield
$8	$1	12.5%

THE automobile industry has been hard hit, not only by the ordinary, to-be-expected results of depression, but by virtue of the fact that it attained maturity so far as domestic business is concerned at the same time as the general catastrophe. Overshadowed by these outside influences, it is hardly surprising that even General Motors Corp., the largest and most important unit in the field, manufacturing a car in every price class, and having in addition other interests, should have been affected severely. The company's earnings tell the story. For 1929, $5.49 a common share was reported. This fell to $3.25 in the following year, while for 1931 net income was equivalent to only $2.01 a share. In the first quarter of the current year the company earned 17 cents a share, compared with 61 cents in the corresponding previous period. Even though the common dividend has been reduced to $1 annually, it is clear that this year's earnings may fall short of requirements. And an unearned dividend can never be considered safe indefinitely.

Nevertheless, General Motors is well-armed for the competitive battle which it faces. The company's financial resources are immense. Its name carries great weight throughout the world and it enjoys a management thoroughly alive to the difficulties of the times. While even these are hardly enough to offset the tangible adversities from the investor's point of view, they are at least sufficiently favorable to preclude despair of the outcome.

International Harvester Co.

Position of the industry: Depressed by world-wide farmer adversity, tariffs and foreign exchange restrictions.

Co.'s working capital **$224,566,512**
Cash or Governments **43,407,893**

Price	Div.	Yield
$12	$1.80	15%

THE fact that the farmers' dollar income has dwindled to a greater extent than any other major class in the country has naturally had severe repercussions upon the manufacturers of farm machinery—and among them the greatest factor in the field, International Harvester Co. This company, whose earnings were equivalent to $7.10 a common share in 1929, showed only $4.55 for 1930, while in the past year it failed to earn even preferred dividends by a wide margin. To combat the situation all kinds of economies have been put into effect, including the five-day week and, in order to develop business, the company has made its plan of easy payments easier. Not only may the payments be extended over a greater length of time, but installments due in the fall of the present year are to be calculated upon the basis of 70-cent Chicago wheat, 50-cent Chicago corn and 8½-cent New Orleans cotton. Assuming that the price of these commodities does not rise between now and the autumn, the plan is virtually a material reduction in price.

Because it is as yet too early to judge what effect the

(*Please turn to page* 382)

READERS' FORUM

The Readers' Forum belongs to the readers of The Magazine of Wall Street *and is intended exclusively to serve them in the discussion of problems of general investment interest. This department welcomes and invites contributions from its readers without imposing rigid restrictions as to their choice of subject matter. Stories of personal experience with, or personal opinion upon, investment problems, are particularly appropriate since they often are of interest to many. The services of this department also are available for answering investment questions of general interest excluding inquiries regarding the position or prospects of individual securities.*

A Proposal for Currency Relief

Can Government-Owned Wealth Be Used to Augment Gold as the Base for Money?

Editor, Readers' Forum:

The gold in the United States Treasury and Federal Reserve Banks on November 1, 1931, was $3,903,000,000 or 83 per cent of the paper currency in circulation. Section 26 of the Federal Reserve Act pledges the full resources of our Government to maintain the parity of our currency

The Glass-Steagall banking bill merely bolsters up the efforts of The Reconstruction Finance Corporation with an increased supply of bank credit: thus increasing the note issuing power of the Federal Reserve Banks, increasing the borrowing power of the member banks and making Government securities eligible as collateral for Federal Reserve notes, thereby adding to the "free gold" of the Federal Reserve System. In effect the same gold is counted more than once as a basis for bank credit.

This complicated, faulty, costly system is subject to criticism, especially when a simple, safe and practical method may be used, with better results.

When our republic was young it was confronted with a large public debt and the first Congress that met under George Washington's administration having no property to pledge, issued $80,000,000 in bonds which was a lien pro rata of $20.00 on the 4,000,000 inhabitants.

In the past century our country has advanced marvelously. It has grown from a weak, poor nation to a powerful, rich nation.

At a most critical time our great bankers, for the sake of a few millions of dollars profit, diverted millions of dollars to South America and to Europe when our nation needed this money for its own use. There is no doubt that this move, coupled with billions of dollars previously invested in foreign loans, bonds and other investments, caused our money circulation to shrink abnormally. This contraction of money has lowered the value of all commodities, wages and securities. Depression is the result!

Money circulation must be increased to some extent to relieve this money shortage.

The great insufficiency of gold has given rise to many theories—such as bi-metallism, fiat money, "managed" currency and many other methods which clearly reveal the symptoms of our economic life.

There exists in the world eleven billions of dollars in gold. An amount that does not equal the amount which foreign governments owe our nation.

If the gold standard is to be maintained and justice done to the present and future generations, it must have stability.

To ease the strain upon gold the currency system must be adjusted to the new financial needs of our age. Money must grow as easily as earned wealth grows. Purchasing power must equal production. The gold standard must not contract or deflate earned value.

Our government owns vast property wealth which was purchased with the people's gold; namely, its great dams, its $400,000,000 Panama Canal, its Federal buildings in 300 of our larger cities and its great potent wealth in its immense oil reserves, its 70,000,000 acres of coal lands, its 100,000,000 acres of forest preserves, etc. All bought with the people's gold. It has the same value as gold bullion in the United States Treasury. Both are government owned. Money can be issued against one as well as the other. If money would be issued against this property it would do away with an issue of bonds and save the taxpayers millions of dollars in interest. By this means money becomes plentiful—prosperity returns! By the issue of bonds, you contract or shrink the supply of money and delay prosperity.

Under the present bond system the richer our country becomes the heavier the burden presses upon us—the lien pro rata now is $125 per person in the United States—a six-fold increase in a century and a quarter.

Each year we are paying $589,000,000 interest on our sixteen billion dollar bond indebtedness—sufficient to build nine dams the size of the Coolidge dam each and every

(*Please turn to page* 382)

Help for the Railroads

Retiring Deflated Bonds—Government Expenses Must Be Cut—Employment Should Be Prorated

Editor, READERS' FORUM:

I have read with much interest the article, "Wages and Profits," in the Reader's Forum of June 11th and offer the following method of relieving unemployment.

Few people seem to realize that the income of the majority of our people is dependent upon the income of the railroads and that the railroads have more stockholders than any other industry in the United States. Few people seem to know that the railroads cannot raise freight rates without the permission of the Interstate Commerce Commission, or reduce the wages of their employees unless the employees are willing to accept a reduction without the permission of the Department of Labor at Washington.

No other business in this country is under such complete government control or so hampered in operation as the railroads. The railroads pay more taxes, buy more supplies and employ more labor than any other industry in this country. The writer has never been connected with a railroad but has been connected with manufacturing companies for more than forty years and for many years managed the trucking of thousands of tons of freight annually. Today there are thousands of trucks and busses engaged in interstate traffic; most of them are not limited as to the load they may carry and often carry loads of ten to fifteen tons. These trucks and busses are often run in direct competition with the railroads but are not under government supervision and are allowed to carry passengers and freight for less than the railroads are permitted to charge. Very often the competition is so keen that trucks and busses are carrying freight and passengers for less than actual cost. I am told that in one state more than twenty trucking companies have given up their licenses this year as they could not make expenses.

Many of our highways will not stand the traffic of the heavily loaded trucks and busses, with the result that our taxpayers have to pay millions of dollars each year to repair roads that would not have needed repairs if the weight of loads on these highways had been limited to five thousand pounds. These heavily loaded trucks and busses are also a menace to the travelling public. To illustrate: A few days ago a truck carrying several tons of fireworks caught fire while travelling on a highway in New Jersey.

If the states would limit the loads on our highways to five thousand pounds and the Government place all trucks and busses engaged in interstate traffic under the control of the Interstate Commerce Commission and under the same restrictions as are placed upon our railroads, the railroads would not be hampered by unfair competition, thousands of railway men would be given employment and thousands of small truck owners thrown out of work by the competition of the heavy duty trucks would be at work again.

If our railway employees and the members of the American Federation of Labor will use their influence to obtain the legislation I have mentioned I feel confident they will secure it. It is my opinion that the present business depression will continue until our railroads are allowed to make a fair profit on their investment.—S. E. DART.

Can The Roads Buy In Their Bonds?

Editor, READERS' FORUM:

Is not this a golden opportunity for the railroads to get out of debt? Why cannot they raise a little money to buy some of their bonds back which are selling at from 5 to 10 cents on the dollar and reduce also their fixed charges? Unless they are on the verge of bankruptcy this is their chance.

I have not seen an article by any financial writer on this phase of the railroads or other companies for that matter. It seems to me this is a chance for somebody to write an article explaining this very subject.—H. J. T.

The plan you suggest is being seriously discussed, but it involves a very practical difficulty. Market quotations are made by a relatively small floating supply of bonds. Let us suppose that a railroad has outstanding a $50,000,000 bond issue which is quoted in the market at 20 cents on the dollar. By far the largest portion of these bonds is held by investors. For the road to accumulate even $5,000,000 of the bonds, or 10% of the issue, probably would drive up the market price to a point at which the operation would no longer be a profitable way of retiring debt.

Good Medicine But Hard to Take

Editor, READERS' FORUM:

Your editorial, "Shall We Give Up the Fight?" in the June 11th issue of THE MAGAZINE OF WALL STREET, is very true. Expediency is the rule and order of the day, while facts are straddled, distorted and ignored.

I may not be an economist in any sense, but this conclusion I have reached, that, before we can ever get started on the upgrade again, three things must be done, viz: first and most important, all expenditures for governmental departments of nation, state, county and city must be drastically reduced, thus giving relief to the taxpayer; second, all work and labor that is now being given those presently employed, must be divided or prorated with those unemployed, that *all* may enjoy some earnings even though no increased payroll; and third, that the capitalizations of 90% of all our corporations be reduced and sooner the better, shrinking their present capital assets to more nearly today's values and to a point where present earnings may show a return. Present competitive conditions—and they are going to be with us for some time—preclude any chance for present capitalizations to be justified.—F. L. HUGHES, Lima, Ohio.

Wise Perhaps, But Illegal

Editor, READERS' FORUM:

I get a great deal of pleasure reading articles from your Magazine under the heading of "Readers' Forum." They say it is impossible to tax the rich. I believe it is possible, but it just isn't being done. Why couldn't a 1% or 1½% temporary tax be levied on all holders of school bonds, Government

(*Please turn to page 382*)

Summer Dullness Prevails

Merchandising

Chain Sales Recede Further

Latest reports on merchandising sales disclose further recession. In the first five months of the current year total chain store sales fell 13.8%, compared with the corresponding period of 1931. Especially severe was the loss of business by the mail-order and shoe divisions, amounting to 22% and 17% respectively. Other branches, however, were by no means immune. Grocery chain sales declined 13%, apparel and department stores 10%, drug chains 10%, restaurants 8%, and five-and-ten-cent systems 6%. When compared with their recent records, the loss of business by the mail order and drug chains has been especially severe. Inability to adjust themselves to steadily dropping price structures has cost mail-order companies loss of sales on a strictly competitive price basis,

(*Please turn to page* 378)

COMMODITIES*

(See footnote for Grades and Units of Measure)

	1932 High	1932 Low	1932 Last*
Steel (1)	$0.01¾	$0.01½	$0.01⅝
Steel (2)	0.01⅝	0.01½	0.01⅝
Pig Iron (3)....	15.50	14.00	14.00
Copper (4)	0.07⅛	0.05⅛	0.05⅜
Lead (5)	0.03¾	0.03	0.03
Petroleum (6) ..	0.84	0.69	0.84
Coal (7)	1.50	1.20	1.25
Cotton (8)	0.07 1/20	0.05	0.05 3/20
Wheat (9)	0.86	0.41	0.52
Corn (10)	0.38¼	0.29	0.30⅝
Hogs (11)	16.50	7.50	12.75
Steers (12)	14.00	9.00	13.00
Coffee (13)	0.10⅞	0.08¾	0.10⅛
Rubber (14)	0.04 15/16	0.02⅝	0.02 11/16
Wool (15)	0.60	0.38	0.39
Sugar (16)	0.03⅛	0.02⅝	0.02 9/10
Paper (17)	53.00	53.00	53.00
Lumber (18)	17.67	11.76	12.12

* June 25, 1932.

(1) Sheets, Pittsburgh, cents per lb. (2) Bars, Pittsburgh, cents per lb. (3) Basic Valley, $ per ton. (4) Electrolytic, cents per lb. (5) Pig (N. Y.) c. per lb. (6) Kan., Okla., 32-32.9 deg. $ per bbl. (7) Pitts., steam mine run, $ per ton. (8) Middling (Galv.), cents per lb. (9) No. 2, Hard, Winter (Kan. City), $ per bu. (10) No. 3 Yellow (Chic.), $ per bu. (11) Fresh loins, 10-12 lbs. (N. Y.) $ per 100 lb. (12) 550-700 lb. (N. Y.) $ per lb. (13) Santos, No. 4 (N. Y.) c. per lb. (14) Smoked sheets (N. Y.) cents per lb. (15) Fine staple, clean (Boston), cents per lb. (16) Cuban, raw 96 deg. deliv. (N. Y.), cents per lb. (17) News Rolls (N. Y.), $ per ton. (18) Yellow pine boards, f.o.b. per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—Ingot output has slumped further, and is now at slightly less than 15% of capacity. Many additional mills have scheduled drastic curtailment throughout the summer months and improvement in production seems distant. Scrap steel prices have broken again to new low prices and pig iron quotations have been weaker. Most steel companies are not earning their bond interest and heavy inroads into reserves are resulting from increased deficits.

COPPER—Demand for copper has been very small over the past few months but the present decline in takings, both domestic and foreign, is acute. Prices remain at 5⅜ cents a pound for domestic electrolytic delivered at the Connecticut Valley, and export c.i.f. to the larger European ports is 5½ cents. These prices are nominal most of the foreign business having been absorbed by African producers, who underbid American exporters.

PETROLEUM—Crude oil output for the U. S. is now running at the rate of 2,100,000 barrels weekly, compared with 2,450,000 a year ago. Effective quota regulation in the California, Oklahoma and East Texas districts precludes possibility of last year's chaotic situation. Despite higher prices for both crude and gasoline, the situation is still clouded by the restraining influence upon consumption imposed by heavier gasoline taxes.

COTTON—In the face of declining prices for securities and other commodities, cotton has held solidly, with December futures at New York around 5½ cents a pound. The reason for this is the tremendous increase in weevil infestation, especially in the eastern belt. If conditions do not abate, a crop of less than 11,900,000 bales is highly probable, a factor which appears not yet to have been discounted by the trade.

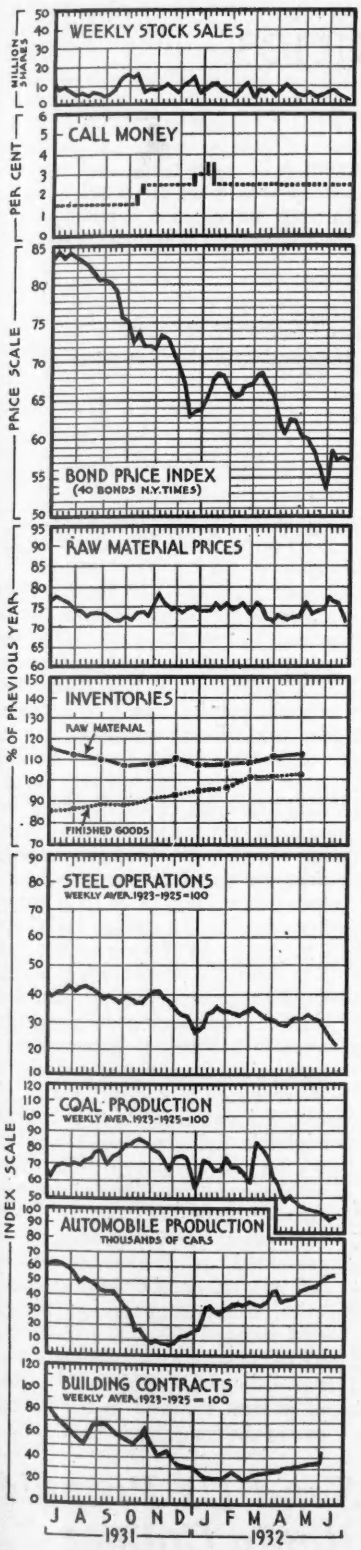
RUBBER—With July rubber futures at New York selling at 2.55 cents a pound, a new all-time low, the outlook becomes blacker for the plantation owners. Rubber companies in the United States did not fare so badly in the first six months of 1932, however, because the already low level at the end of 1931 caused most inventory losses to be written off then. Replacement tire sales have been fairly well sustained, but sales of new casings to automobile companies have declined. If the tire industry could check senseless competition a great step towards recovery would have been made regardless of general business.

SUGAR—After showing a pronounced rally the sugar market fell sharply on news of the abandonment of the proposed Cuban restriction scheme for segregating 800,000 tons from the market. July futures at New York declined from 0.85 cents a pound to 0.76, and a further slump appears probable, even though the product is still selling far below the cost of production. Consumption of sugar in the United States dropped 3.3% in the first half year, compared with the similar 1931 period.

AUTOMOBILES—Production of automobiles has shown a smaller upswing this summer than had been expected. June output approximated 200,000 vehicles, and the customary seasonal decline from June to July may be greater than usual this year. Outside of the steady 5,000-car-a-day Ford outturn, and mild activity on the part of other low-cost producers, the motor industry has become stagnant in the past month.

The Magazine of Wall Street's Indicators

Business Indexes



Common Stock Price Index

1931 Indexes High	1931 Indexes Low	1931 Indexes Close	No. of Issues		1932 Indexes High	1932 Indexes Low	June 11	June 18	June 25
84.4	29.2	30.0	345	COMBINED AVERAGE	36.4	18.0	18.7	18.9	18.1
142.4	33.0	34.8	4	Agricultural Implements	48.3	18.8	20.8	23.7	19.3
121.2	19.7	21.2	7	Amusements	43.0	12.5	13.6	12.8	12.5*
76.9	23.9	23.9	21	Automobile Accessories	27.8	10.8	11.6	11.7	11.4
37.0	12.1	13.1	16	Automobiles	14.4	5.9	6.4	6.4	6.0
74.2	22.3	31.7	4	Aviation (1927 Cl.—100)....	34.6	16.2	18.6	18.5	17.8
38.4	8.3	9.7	3	Baking (1926 Cl.—100)	12.0	4.8	5.1	5.2	5.6
212.8	112.5	112.5	2	Biscuit	129.9	73.1	77.5	78.6	73.1*
162.2	48.1	49.5	5	Business Machines	65.0	33.4	35.5	36.3	33.4*
188.5	96.5	99.3	2	Cans	119.0	51.0	61.6	61.6	51.0*
157.8	76.2	81.6	7	Chemicals & Dyes	98.3	53.6	58.3	58.4	56.2
71.8	20.8	21.4	3	Coal	26.7	13.3	13.6	14.7	13.3*
73.7	18.9	19.5	19	Construction & Bldg. Mat..	24.6	10.1	11.0	11.2	10.6
92.4	30.1	30.2	11	Copper	36.7	14.9	15.2	16.2	15.9
98.0	45.8	47.2	2	Dairy Products	57.8	29.9	32.1	30.9	29.9*
30.2	9.6	10.1	9	Department Stores	14.8	5.2	5.2*	5.5	5.3
120.4	52.0	53.1	8	Drug & Toilet Articles.......	65.4	35.3	36.4	37.4	35.3*
149.3	44.7	46.9	5	Electric Apparatus	55.1	29.6	30.6	31.9	30.3
21.5	4.3	4.6	3	Fertilizers	5.5	2.2	2.9	3.3	3.3
91.3	40.8	41.7	2	Finance Companies	58.7	25.0	25.6	27.5	25.0*
80.1	43.7	45.3	7	Food Brands	50.4	28.7	29.2	29.5	28.7*
83.0	44.4	45.0	3	Food Stores	56.4	36.9	39.6	38.2	37.3
51.7	21.7	21.8	3	Furniture & Floor Covering..	38.2	11.7	15.1	15.4	11.7*
45.5	16.6	17.0	5	Household Equipment	21.1	10.2	10.5	11.1	10.2*
89.5	17.1	19.1	10	Investment Trusts	26.4	9.5	10.8	10.2	10.0
96.3	26.1	26.1	3	Mail Orders	27.4	7.7	9.9	8.0	7.7*
69.2	22.3	23.4	31	Petroleum & Natural Gas...	29.2	21.6	23.1	23.8	23.0
68.8	12.7	13.0	4	Phonos. & Radio (1927-100).	17.5	6.2	7.3	7.5	6.9
196.8	77.0	78.1	20	Public Utilities	87.6	39.5	42.1	41.6	39.5*
73.1	20.6	21.2	10	Railroad Equipment	26.9	12.1	12.6	12.6	12.6
88.4	22.5	22.5	30	Railroads	31.3	10.5	12.2	11.7	10.7
100.7	41.8	41.8	3	Restaurants	42.3	16.8	19.8	19.6	16.8*
38.0	8.8	8.8	3	Shipping	14.3	4.7	5.3	5.2	4.7*
183.4	82.0	82.0	2	Soft Drinks (1926 Cl.-100)...	89.2	59.0	64.1	65.1	61.0
92.3	25.3	25.8	9	Steel & Iron	30.7	12.4	13.3	13.4	12.4
18.9	7.3	7.3	5	Sugar	9.4	3.8	3.8	5.6	5.3
218.0	84.2	89.5	2	Sulphur	101.7	53.9	60.8	58.7	53.9*
132.4	44.5	44.5	3	Telephone & Telegraph.....	54.4	21.0	22.8	22.6	21.0*
46.1	16.1	18.2	5	Textiles	24.6	16.3	19.3	17.4	17.6
15.8	4.4	4.9	5	Tires & Rubber	6.0	2.9	3.3	2.9*	3.1
78.6	47.0	48.3	5	Tobacco	68.6	40.8	43.3	43.4	44.0
86.1	26.1	26.1	4	Traction	57.0	17.9	17.9*	18.9	20.5
82.0	44.5	44.9	2	Variety Stores	50.9	25.3	27.3	26.9	25.3*

* New low record since 1928.

(An unweighted index of weekly closing prices; compensated for stock dividends, rights, and splitups; and covering about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange.)

PERSONAL SERVICE SECTION

Answers to Inquiries

The Personal Service Department of THE MAGAZINE OF WALL STREET will answer, by mail or telegram, inquiries on any listed securities in which you may be interested, or on the standing and reliability of your broker. This service in conjunction with your subscription should represent thousands of dollars in value to you. It is subject only to the following conditions:

1. Give all necessary facts but be brief.
2. Confine your requests to *three listed securities.*
3. Write full name and address plainly, and enclose stamped, self-addressed envelope.
4. If not now a paid subscriber, use coupon elsewhere in this issue and send check at same time you transmit your first inquiry.

Special rates upon request for those requiring additional service.

R. J. REYNOLDS TOBACCO CO.

I have some Reynolds "B" stock, bought at various prices during the past nine months. I had fully expected to hold this for a rise, regardless of how long the depression continued. But now I am wondering if this is really good judgment in view of decreased cigarette withdrawals and whether I ought not to take advantage of the first favorable opportunity to dispose of at least a part of this. What do you advise?—C. A., Watertown, N. Y.

In reflection of decreased public purchasing power, combined with competition of smoking tobacco, hand-rolled cigarettes, and other substitutes, consumption of standard priced cigarettes has steadily declined in the more recent past. Cigarette withdrawals for the month of April were 20.15% less than in the same month last year. Inasmuch as there is little prospect for an early reversal of this trend, the maintenance of current wholesale prices is open to question. Obviously, any reduction by the manufacturers of leading brands would reduce profits, although some increase in sales volume might be witnessed. However, there is every reason to believe that the major tobacco companies will be forced to compete more aggressively for existing business. Market weakness in the tobacco stocks generally reflects the foregoing uncertainty. However, the dominating position enjoyed by R. J. Reynolds Tobacco Co., its capable and aggressive management and strong financial condition should enable the company to cope with current adversities in a satisfactory manner. As a matter of fact, the recent report of the president of the company indicated that its principal product "Camel" cigarettes is more than holding its own competitively. Moreover, the company still maintains its leading position in the smoking tobacco business, with its "Prince Albert" brand. Furthermore, savings through lower cost of tobacco currently being used by the company will enable Reynolds to make a favorable showing for 1932, although results are not likely to equal those of $3.63 a common share reported for 1931. Nevertheless, current dividend rate of $3 a share does not appear to be in immediate danger. Despite the restricted earnings outlook for the balance of the current year, any recovery in general business conditions should find immediate reflection in earnings expansion for the company. Consequently, the sale of your holdings at current deflated levels is unwarranted.

LOEW'S, INC.

It seems to me that there is a decided weakness in the market action of Loew's. As I hold 180 shares of this stock, I am naturally apprehensive. If you can give me an outline of the situation as you see it, I will be very much obliged.—L. L., Evanston, Ill.

Loew's, Inc., reported consolidated net income for the 28 weeks ended March 11, 1932, of $5,264,729, equal, after allowing for dividend requirements on the preferred stock, to $3.13 a share on 1,464,205 shares of no par common stock. This compared with net of $6,879,960 or $4.22 a share on the common stock for the 28 weeks ended March 13, 1931. The decline in profits may be attributed to smaller theatre attendance, in common with all motion picture enterprises, reflecting the widespread unemployment situation existing at this time. Although it is extremely difficult to accurately gauge earnings of the company for the final six months of the fiscal year ending August 31, next, present indications are that full year returns will be well below those of $7.43 a share registered in the 12 months ended August 31, 1931. In this connection, and in line with the conservative policies of the management, some revision in dividend distributions on the common stock appears probable. Inasmuch as current prices for the shares discount this uncertainty, a careful study of the financial condition of the company is advisable, with a view toward ascertaining the company's ability to cope with current conditions successfully. As of August 31, 1931, the latest balance sheet available, current assets amounted to $39,383,000 of which $27,967,000 constituted amortized pictures, studio supplies and advertising equipment, $4,081,000 receivables, and $5,767,000 in cash, against total current liabilities of $7,719,325. An item of interest included in the current assets of the company is $1,569,000 of its

When Quick Service is Required Send Us Prepaid Telegram and Instruct Us to Reply Collect

own bonds, bought in anticipation of sinking fund requirements for the next several years. The expansion program of Loew's, Inc., has been on a conservative basis, and was accomplished for the most part prior to the "boom era," with the result that the high cost of expansion in later years has been fairly well avoided. Continuance of present management policies should enable the company to weather the depression in a satisfaction manner. While admittedly, the common stock is not devoid of speculative risks, further retention of the issue as a medium for participation in the future of the motion picture industry is warranted.

S. S. KRESGE CO.

It looks to me as if the S. S. Kresge Co. was over-expanding, as I saw a news item saying that they had 25 more stores this spring than in 1931. In view of the fact that my stock cost me about double the present market price, I can't sell without taking quite a loss, but nevertheless it might be best to let it go and purchase something else. When you answer, please give what recent facts you have and tell me what to do.—J. R., Saybrook, Conn.

S. S. Kresge Co. reported sales for the five months ended May 31, last, of $48,705,153, a decline of 11.9% from that of $55,343,004 for the corresponding interval of last year. As of May 31, last, 675 American stores and 40 Canadian stores were in operation, compared with a total of 690 units on the same date of 1931. No interim earnings reports have been published thus far during the current year, but the recent action of the directors in reducing the annual dividend rate on the common stock to a basis of $1 a share, from the previous rate of $1.60 a share undoubtedly reflects the approximate percentage decline of profits experienced thus far. When consideration is given to the conservative policies of the management, it is reasonable to assume that full 1932 profits will cover the dividend of $1 a share by a comfortable margin, despite the probability of continued sales restriction during the balance of the year, in reflection of generally curtailed public purchasing power. Net income for the calendar year 1931 amounted to $9,461,699 equal after preferred dividend requirements to $1.69 a share on the common stock. This compared with net of $10,621,151 or $1.90 a common share in 1930. Financial position at the close of last year was sound, and there is no prospect that financing will be needed. In the field of low priced merchandising, S. S. Kresge ranks second only to F. W. Woolworth Co. The longer term potentialities for this enterprise are favorable, although expansion of facilities during early ensuing months necessarily will be limited. The common stock offers interesting speculative possibilities and we advise present stockholders to maintain their position with a view toward developments over the next few years.

B. F. GOODRICH CO.

I notice that the B. F. Goodrich Co. has increased prices of tires and tubes in order to allow for the Federal tax. The common stock is selling at what appears to be a ridiculous level. With the tax passed to the consumer, the situation seems promising. Would you recommend the purchase of 100 shares?—J. R. G., Houston, Texas.

The B. F. Goodrich Co. ranks among the four largest producers in the rubber goods industry, enjoying complete diversification of its activities. The company can produce about 5,000,000 tires annually, and is one of the principal manufacturers of rubber footwear and mechanical goods. Operations in the past two years have not been satisfactory, deficits of $8.55 and $8.01 having been reported on the common stock in 1930 and 1931 respectively. Contributing factors to the poor results last year were the falling off in demand for all of the company's products, exceedingly narrow profit margins and write-downs for inventory and foreign exchange losses. The company has advanced prices on its products to compensate for the Federal taxes which became effective June 21. Dealers stocked up heavily during recent weeks to avoid the tax, and it is likely that shipments by the B. F. Goodrich Co. during the summer will be curtailed. Further price cutting may be expected if retailers attempt to lighten their inventories. The outlook for the tire industry is not promising, and the company has a rather heavy funded debt. Although the financial position is satisfactory, service on the funded debt is burdensome at this time. Neither the preferred nor common stock is on a dividend basis, and resumption of payments on the senior issue is not likely in the early future. We counsel avoidance of the common stock.

DETROIT EDISON CO.

I am frankly puzzled as to what I ought to do about my Detroit Edison stock. One brokerage house tells me to hold and another,—in whom I have equal confidence,—advises rather strongly that I sell. What do you think is the wisest course? Also, has the up-set among utility companies brought any change in Detroit Edison's position?—S. A. S., Milwaukee, Wis.

When consideration is given to the sharply curtailed activity in the automotive industry, it is not surprising to note a declining trend of earnings for Detroit Edison Co. in the more recent past. On the contrary, the highly efficient operations of the company's properties have somewhat restricted the downward course of profits. For the 12 months ended May 31, 1932, consolidated net income amounted to $9,524,837, equal to $7.48 a share on 1,272,260 shares of capital stock outstanding. This compared with $11,103,265 or $8.74 a share on a slightly smaller number of shares outstanding for the preceding 12 months. Recently, the directors of the company declared the regular quarterly dividend of $2 a share payable July 15 to stockholders of record June 20. At that time, the president of the company announced that continuance of this quarterly rate could not be expected unless a substantial improvement in the company's business is evidenced by the time action is required on the next dividend. The statement further inferred that a quarterly rate of not more than $1.50 a share could be expected, should the directors deem it advisable to revise dividend policies of the company. Ordinarily, the financial position of the company would warrant some basis for the belief that present rate of dividend could be maintained. However, it is apparent from the foregoing statement that the management does not desire to weaken the strong financial condition of the company, particularly in the face of a maturity of $10,000,000 of 1st mortgage 5s, due January 1, 1913. Nevertheless, current prices for the company's shares amply discount dividend uncertainties, and in view of the favorable long-term outlook for the enterprise, we counsel continued retention of present holdings.

GOLD DUST CORP.

I have read that trade-marked products are losing out because the buying public seems to be more interested in low prices than in particular brands. If this is true, I think perhaps I had better sell my 100 shares of Gold Dust. Would appreciate your advice.—L. K. B., Missoula, Mont.

Sales volume of the principal food products of Gold Dust Corp. has been reflecting the tendency on the part of the consumer to purchase bulk goods which are obtainable at lower prices, while sales of "Nucoa" butter have been particularly hard hit by the subnormal prices for the dairy product. On the other hand, the company's business in shoe polish, soap and washing powder is being comparatively well maintained. Moreover, the consolidation of Gold Dust's mayonnaise and salad dressing division with that of General Foods, in

(*Please turn to page 379*)

New York Stock Exchange

RAILS

	1930		1931		1932		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	6/29/32	Share
A								
Atchison	242½	168	202⅝	79¼	94	17⅞	19⅛	..
Do Pfd.	108¾	100	108¼	75	86	42½	43	5
Atlantic Coast Line	175½	95¼	120	25	41½	9¾	11	..
B								
Baltimore & Ohio	122⅝	55⅝	87⅞	14	21⅜	3¾	5	..
Bangor & Aroostook	84½	50⅛	66¾	18	24½	9½	12	2
Brooklyn-Manhattan Transit	78⅜	55⅛	69⅜	31⅛	50¼	11⅞	15⅛	..
Do Pfd.	98¾	83	94¼	63	78⅜	31½	43¼	6
C								
Canadian Pacific	52¼	35¼	45⅜	10¾	20⅝	7¼	8¼	1¼
Chesapeake & Ohio	51⅜	32⅜	46½	23⅜	31½	9⅞	10	2½
C. M. St. Paul & Pacific	26⅜	4⅛	8⅞	1⅛	3¼	⅜	¾	..
Do Pfd.	46¼	7¾	15⅜	2⅛	5¼	1⅛	1¼	..
Chicago & Northwestern	89⅞	23½	45½	5	12⅝	2	2½	..
Chicago, Rock Is. & Pacific	125⅛	45⅛	65½	7⅝	16⅜	1½	2⅛	..
D								
Delaware & Hudson	181	130⅛	157¼	64	89½	35	36¼	9
Delaware, Lack. & Western	153	69½	102	17¾	28¾	8½	9	..
E								
Erie R. R.	63¾	22⅛	39¾	5	10	2	†2⅞	..
Do 1st Pfd.	67⅝	27	45⅛	6⅜	13½	2⅝	3	..
G								
Great Northern Pfd.	102	51	69¼	15⅝	25	5½	6⅞	..
H								
Hudson & Manhattan	53⅝	34⅞	44½	26¼	30¾	8	†12¼	3½
I								
Illinois Central	136⅝	65¾	89	9⅛	18¼	4¾	6¼	..
Interborough Rapid Transit	39⅛	20⅝	34	4⅝	14⅝	2¼	3⅞	..
K								
Kansas City Southern	85⅝	34	45	6⅞	13¼	2¼	†2¼	..
Do Pfd.	70	53	64	15	23¾	5	†5	2
L								
Lehigh Valley	84⅞	40	61	8	18	5	5⅝	..
Louisville & Nashville	138½	84	111	20¼	32⅜	7½	10½	..
M								
Mo., Kansas & Texas	66⅝	14⅞	26¾	3⅞	7¾	1¼	†1⅞	..
Do Pfd.	108⅜	60	85	10½	21⅞	3¼	4⅞	..
Missouri Pacific	98½	20⅜	42¾	6⅝	11	1½	2	..
Do Pfd.	145½	79	107	12	26	2½	3½	..
N								
New York Central	192¾	105⅛	132¼	24⅞	36⅝	8¾	11⅝	..
N. Y., Chic. & St. Louis	144	73	88	2⅛	9½	1½	2¼	..
N. Y., N. H. & Hartford	128⅛	67⅝	94⅞	17	31⅝	6	6¾	..
Norfolk & Western	265	181½	217	105⅝	135	57	57	8
Northern Pacific	97	42⅜	60⅞	14½	23¼	5½	6⅝	..
P								
Pennsylvania	86⅝	53	64	16¼	23⅜	6½	7⅜	..
Pere Marquette	164½	76½	85	4	13	2	2	..
R								
Reading	141½	73	97½	30	42	9½	†11⅛	1
Do 1st Pfd.	50½	44⅛	46	26	33	15¼	†15	2
S								
St. Louis-San Fran.	118⅞	39¾	62¾	3	6⅝	⅝	1¼	..
Southern Pacific	127	88	109½	26½	37⅝	6½	7½	..
Southern Railway	136¾	46½	65⅞	6⅜	13	2½	†2⅞	..
Do Pfd.	101	76	83	10	20¼	4	4	..
U								
Union Pacific	242¾	166½	205⅛	70⅛	94½	29⅞	31½	6
Do Pfd.	88⅜	82¼	87	51	68	40	40½	4
W								
Western Maryland	36	10	19⅝	5	7¾	1½	†2⅛	..
Do 2nd Pfd.	38	11¼	20	5	8⅛	2	†2	..
Western Pacific	30½	7½	14⅞	1¾	4	½	†⅝	..
Do Pfd.	53½	23	31⅝	3	6⅝	¾	†1	..

INDUSTRIALS and MISCELLANEOUS

	1930		1931		1932		Last Sale	Div'd $ Per
	High	Low	High	Low	High	Low	6/29/32	Share
A								
Adams Express	37⅞	14¼	23⅛	3⅛	5¾	1⅝	2	..
Air Reduction, Inc.	156⅝	87½	109⅜	47⅝	68½	34½	35¾	*4½
Allegheny Corp.	35¼	5⅜	12⅜	1⅛	3⅛	⅜	†½	..
Allied Chemical & Dye	343	170¼	182⅜	64	87½	42½	46⅞	6
Allis Chalmers Mfg.	68	31¼	42⅜	10¼	13⅝	4	5	.50
Amer. Brake Shoe & Fdy	54⅝	30	38	13¼	15½	6½	†7⅛	.60
American Can	156½	104⅝	129⅜	58⅛	73⅞	29⅝	32⅞	*5
Amer. Car & Fdy	82½	24⅛	38⅜	4½	8⅜	3⅛	3⅜	..
Amer. & Foreign Power	101⅜	25	51⅜	6⅞	9¼	2	2⅛	..
American Ice	41⅞	24½	31⅝	10½	21⅝	9	11	2
Amer. International Corp.	55⅝	16	26	5	8½	2⅛	3⅛	..
Amer. Mchy. & Fdry	45	29⅜	43¾	16	22¼	7½	7¾	1.40
Amer. Power & Light	119⅜	36⅛	64⅞	11⅝	16⅞	3	4	1
Amer. Radiator & S. S.	39⅜	15	21½	5	8½	3⅛	3⅝	..
Amer. Rolling Mill	100⅞	23	37⅜	7⅜	13	3	4⅛	..
Amer. Smelting & Refining	79⅛	37½	58½	7½	18⅝	5⅛	6¼	..
Amer. Steel Foundries	52¼	23½	31¼	5	8⅜	3	3¼	..
American Stores	55½	36½	48¼	33	36¾	20	†23½	*2½
Amer. Sugar Refining	69⅞	39¼	60	34½	39¼	13	16	2
Amer. Tel. & Tel.	274¼	170⅜	201¾	112⅞	137⅜	75½	77⅞	9
Amer. Tobacco Com.	127	98½	128¾	60¼	86¾	40½	48	*6
Amer. Water Works & Elec.	124⅞	47⅝	80⅜	23¼	34½	11	12⅝	2
Anaconda Copper Mining	81½	25	43¼	9¼	12⅝	3⅜	3⅜	..
Assoc. Dry Goods	50¼	19	29⅝	5⅜	8¼	3	3	..
Atlantic Refining	51⅜	16⅝	23⅝	8⅝	12⅞	8⅝	10¼	1
Auburn Auto	263¾	60⅜	295½	84½	151¾	28⅜	47	4

Price Range of Active Stocks

INDUSTRIALS and MISCELLANEOUS (Continued)

	1930		1931		1932		Last Sale 6/29/32	Div'd $ Per Share
	High	Low	High	Low	High	Low		
B								
Barnsdall Corp. Cl. A	34	8⅝	14⅛	4	5⅞	3⅜	4¼	..
Beech-Nut Packing	70⅛	46¾	62	37½	44¾	29¼	†31	3
Bendix Aviation	57⅜	14¼	25½	12⅝	18¾	4½	5¼	..
Best & Co.	56¼	30⅜	46¼	19¾	24⅞	5¾	†6¾	..
Bethlehem Steel Corp	110¼	47⅜	70⅜	17¼	24⅜	7¼	7⅞	..
Bohn Aluminum	69	15¾	43	15½	22¼	4⅞	†6	..
Borden Company	90⅜	60⅛	76½	35⅛	43⅛	20⅜	21¼	2
Borg Warner	50⅛	15	30¾	9	12⅝	3⅜	3¾	..
Briggs Mfg.	25⅜	12⅛	22¾	7½	11¾	2⅞	4	..
Burroughs Adding Mach	51⅞	18⅜	32¼	10	13	6¼	7	.80
Byers & Co. (A. M.)	112⅜	33⅛	69¾	10⅞	19	7	†8¼	..
C								
California Packing	77½	41¼	53	8	11⅞	4¼	5	..
Calumet & Hecla	33⅜	7¾	11⅜	3	4	1½	†2	..
Canada Dry Ginger Ale	75⅜	30½	45	10⅝	13½	6	†7½	1.20
Case, J. I.	362¾	83½	131½	33¼	43⅜	16¾	22⅞	..
Caterpillar Tractor	79¾	22	52½	10¼	15	4⅜	4⅞	.50
Cerro de Pasco Copper	65⅜	21	30⅛	9⅞	15	3½	4¼	..
Chesapeake Corp.	82½	32¼	54⅛	13⅞	20⅝	4⅞	5⅛	2
Childs Co.	67⅝	22⅞	33¾	5⅛	7½	1½	†1½	..
Chrysler Corp.	43	14⅛	25¾	11¾	15¾	5	5⅞	1
Coca-Cola Co.	191⅜	133¼	170	97½	120	80½	82⅝	*8
Colgate-Palmolive-Peet	64⅞	44	50⅛	24	31⅛	12	12	2½
Colorado Fuel & Iron	77	18¾	32¼	6½	12⅜	3⅝	†2⅞	..
Columbian Carbon	199	65⅛	111⅝	32	41⅞	13½	16¾	3
Colum. Gas & Elec	87	30⅝	45⅝	11⅝	16⅛	4¼	6	1
Commercial Credit	40¾	15½	23¼	8	11	3⅞	4	.50
Commercial Solvents	38	14	21½	6⅝	10¼	3½	4⅝	.60
Commonwealth & Southern	20½	7⅛	12	3	4⅞	1⅝	2	.30
Consolidated Gas of N. Y.	136⅞	78¼	109⅝	57¼	68¾	31½	36	4
Continental Baking Cl. A	52½	16¾	30	4½	7	2⅞	3⅛	..
Continental Can, Inc.	71⅝	43½	62¾	30¼	41	17⅝	19	2½
Continental Oil	30½	7¾	12	5	7	3⅝	4⅛	..
Corn Products Refining	111⅜	65	86⅝	36¼	47⅜	25⅝	27¾	3
Crucible Steel of Amer	93⅝	50⅛	63	20	23¼	6	†7	..
Cudahy Packing	48	38⅛	48⅞	29	35½	20	†20	2½
Curtis Publishing	126⅛	85	100	20	31	7	7	..
Curtiss Wright, Common	14⅞	1¾	5⅞	1	2¾	⅞	⅞	..
D								
Davison Chemical	43⅝	10	23	3½	5¼	1	†2	..
Diamond Match	24⅞	10	23	10⅝	15⅞	12	14	1
Dominion Stores	30⅝	12	24	11	18	11¼	†11⅛	*1½
Drug, Inc.	87⅜	57⅝	78¾	42¾	57	23	26½	4
Du Pont de Nemours	145¼	80½	107	50¾	59¾	23½	24	3
E								
Eastman Kodak Co.	255¼	142⅛	185¾	77	87⅞	37¾	40	5
Eaton Mfg.	37¼	11⅝	21⅞	5⅜	8	3	†3	..
Electric Auto Lite	114⅞	33	74⅜	20	32¾	8½	9¾	1.20
Elec. Power & Light	108½	34⅜	60¾	9	15⅜	2⅞	2⅞	..
Elect. Storage Battery	79¼	47½	66	23	33¼	12⅝	17½	3
Endicott-Johnson Corp.	59⅝	36⅞	45⅜	23½	36⅛	22½	†17⅜	3
F								
Firestone Tire & Rubber	33⅛	15⅛	21½	12⅞	15⅜	10½	†10¾	1
First National Stores	61⅜	33⅝	63	41	53	37	41	2½
Foster Wheeler	104½	37½	64½	8	12	3	5¼	..
Fox Film Cl. A	57⅜	16⅛	38⅜	2½	5⅜	1⅛	1¼	..
Freeport Texas Co.	55½	24½	43¼	13¼	19½	10	10¼	2
G								
General Amer. Tank Car	111⅞	53⅛	73⅛	28	35¾	9½	10	1
General Asphalt	71⅛	22⅜	47	9⅝	15½	4¾	†5⅝	1
General Electric	95⅜	41½	54¾	22⅞	26⅛	8½	9⅞	.40
General Foods	61¼	44⅜	56	28¼	40½	19⅝	19⅞	2
General Mills	59⅛	40⅛	50	29⅛	37	28	29½	3
General Motors Corp.	54¼	31⅛	48	21⅜	24⅝	7⅞	7⅝	1
General Railway Signal	106⅞	56	84⅛	21	28⅝	7	8	1
General Refractories	90	39	57⅜	12	14¾	1¾	2	..
Gillette Safety Razor	106⅛	18	38¾	9¼	24¼	10⅜	12⅝	1
Gold Dust Corp.	47⅞	29	42⅛	14½	19⅝	8¼	10	1.60
Goodrich Co. (B. F.)	58⅛	15¼	20⅞	3⅝	5⅝	2¼	2½	..
Goodyear Tire & Rubber	96⅞	35⅛	52¾	13¾	18¾	5⅛	6½	..
Grand Union	20⅝	10	18⅞	7	9¾	3⅛	†3¾	..
Great Western Sugar	34½	7	11⅞	5¾	6½	3¼	4⅛	..
Gulf States Steel	80	15	37½	4	8	2⅛	†2½	..
H								
Hershey Chocolate	109	70	103¾	68	83	44	44	6
Houston Oil of Texas (New)	‡116⅞	‡29¼	14	3	5⅛	1⅝	2⅛	..
Hudson Motor Car	62⅞	18	26	7¾	11¾	2⅞	4¾	..
Hupp Motor Car	26⅝	7½	13⅛	3¾	5⅜	1½	1⅞	..
I								
Inter. Business Machines	197⅛	131	179¾	92	117	60½	61⅝	6
Inter. Cement	75⅜	49½	62½	16	18¾	3⅝	4⅛	..
Inter. Harvester	115¾	45¼	60½	22⅝	29¾	11	12	1.80
Inter. Nickel	44⅜	12¾	20⅛	7	9¼	3½	3⅞	..
Inter. Tel. & Tel.	77⅜	17½	38¾	7⅛	12¼	2⅝	3⅛	..
J								
Jewel Tea	66½	37	57½	24	35	15⅛	20	*4½
Johns-Manville	148⅜	46¾	80¾	15⅝	25½	10	11¼	..
K								
Kelvinator	26⅝	7⅜	15⅛	6	10⅜	2¾	3	..
Kennecott Copper	62¾	20⅛	31½	9⅝	13	5	5⅛	..
Kresge (S. S.)	36¾	26⅛	29⅝	15	19	8	8	1
Kreuger & Toll	35⅜	20⅜	27¾	4¼	9⅛	1/32	1/32	..
Kroger Grocery & Baking	48⅛	17⅛	35½	12½	18⅞	10	10¾	1
L								
Lambert Co.	113	70¾	87⅞	40⅛	56¾	25	28¾	*5
Lehn & Fink	36	21	34¾	18½	24¼	6	†8¾	2
Liggett & Myers Tob. B	114⅜	78¼	91¾	40	61¾	34⅛	39½	*5
Liquid Carbonic	81⅞	39	55⅛	13½	22	9	10½	2
Loew's Inc.	95¾	41¾	63½	23⅞	34	13¼	15⅝	*3
Loose-Wiles Biscuit	70¼	40¼	54⅞	29⅞	36⅜	16½	17	*3
Lorillard	28⅛	8¾	21⅞	10	16⅞	9	10⅝	1.20

A Message to Presidents:

Create investor confidence in your securities by publishing your dividend notices, when declared, in these columns. Such publication brings the investment features of your stock to the attention of stockholders of record who read The Magazine of Wall Street consistently for financial guidance.

Trade Tendencies

(*Continued from page 372*)

but this has been somewhat modified by their ability to purchase at ever-increasing discounts and realize a somewhat better profit margin on what they do sell.

Smaller operating profits are being made by practically all sections engaged in retail trade. Mail-order catalog prices have been slashed from 5% all the way up to 49%, while to stimulate public demand the shoe chains have made marked price concessions. Drug chains have been leaders in shading prices and restaurants have had to mark down their menus drastically to hold their patrons. Grocery chains have been especially alert to figure close prices and this branch is perhaps the first to adjust quotations downwards in a declining market. Therefore it is evident that in addition to losses in volume sales the lower price per unit also has been a retarding influence. Most chains are strong financially, and although no near term improvement appears probable, the longer term outlook is less unfavorable.

New York Stock Exchange Price Range of Active Stocks

INDUSTRIALS and MISCELLANEOUS (Continued)

	1930		1931		1932		Last Sale 6/29/32	Div'd $ Per Share
	High	Low	High	Low	High	Low		
M								
Mack Truck, Inc.	68½	33⅝	43⅞	12	18⅛	10	12	1
May (R. H.)	159¼	81⅝	106¼	50	60½	17	18⅛	2
Magma Copper	52½	19¼	27⅜	7¼	8¾	4½	†4¾	.50
Marine Midland	32½	17¾	24¼	9¼	12¼	6½	6⅞	.80
Mathieson Alkali	51⅜	30⅛	31½	12	20⅞	9	9⅜	1½
May Dept. Stores	61⅜	27¾	39	15⅝	20	9⅝	†9½	1.80
McKeesport Tin Plate	89½	61	103½	38½	62¼	28	32¾	4
Mont. Ward & Co.	49⅞	15⅛	29¼	6⅝	11¼	3½	4⅜	..
N								
Nash Motor Co.	58½	21¼	40⅞	15	19⅛	8	9⅛	2
National Biscuit	93	68⅝	83¾	36⅜	46⅞	24	24¾	2.80
National Cash Register A	83½	27⅝	39¾	7⅛	14⅜	6¾	6¾	..
National Dairy Prod.	62	35	50¾	20	31⅜	14⅜	14⅞	2.60
National Power & Light	58¾	30	44¼	10¼	16⅜	6⅝	8¼	1
Nevada Consol. Copper	32⅜	9	14¾	4¾	6[illegible]	2½	†2½	..
North Amer. Aviation	15⅝	4¼	11	2⅜	4¼	1¼	1⅝	..
North American Co.	132⅞	57¼	90¼	26	40	13¾	17¼	§10%
O								
Ohio Oil	34⅛	16	19½	5⅛	8½	5	7	.20
Otis Elevator	80⅜	48¼	58½	16⅛	22½	9	11⅛	1½
Otis Steel	38⅞	9½	16⅜	3⅛	4⅜	1¼	†1¼	..
P								
Pacific Gas & Electric	74⅞	40½	54⅞	29⅝	37	16⅞	18¾	2
Packard Motor Car	23⅜	7¼	11⅞	3⅞	5¼	1¾	1⅞	..
Paramount Publix	77¼	34¾	50¼	5⅛	11½	1½	1¾	..
Penney (J. C.)	80	27⅝	44¾	26¾	34½	13	15⅜	2.40
Phelps Dodge Corp.	44⅜	19¾	25⅝	5⅞	8½	3⅞	4	..
Phillips Petroleum	44¾	11½	16⅝	4	6½	2	3⅛	..
Prairie Oil & Gas	54	11¼	20⅜	4⅛	7⅛	3½	†4½	..
Prairie Pipe Line	60	16⅛	26½	6⅞	9¾	5½	7	..
Procter & Gamble	78⅞	52⅛	71¼	36⅜	42¾	21½	21⅞	2.40
Public Service of N. J.	123¾	65	96½	49⅛	60	29¾	32¼	3.20
Pullman, Inc.	89⅜	47	58½	15¼	25	10½	13⅞	3
Pure Oil	27¼	7⅝	11⅞	3¼	5⅛	2⅞	3¼	..
Purity Bakeries	88⅞	33	55¼	10¾	15⅞	4⅜	5⅛	1
R								
Radio Corp. of America	69⅜	11⅜	27½	5⅛	10⅝	2½	3⅛	..
Radio-Keith-Orpheum	50	14⅜	4	2⅜	7	1½	2	..
Remington-Rand	46½	14⅛	19¾	1⅞	3⅜	1	†1¼	..
Republic Steel	79½	10½	25⅜	4⅛	6½	1⅞	2	..
Reynolds (R. J.) Tob. Cl. B	58⅜	40	54½	32½	40¼	26⅜	27	3
Royal Dutch	56½	36⅞	42⅝	13	23	12⅛	15¾	.81
S								
Safeway Stores	122⅜	38¾	69½	38⅝	59¼	34	34½	5
Sears, Roebuck & Co	100⅝	43⅛	63¼	30¼	37⅜	9⅞	10⅛	..
Servel, Inc.	13½	3⅛	11¾	3½	5⅜	1⅛	1¾	..
Shell Union Oil	25½	5¼	10¼	2½	4⅛	2½	3	..
Simmons Co.	94⅞	11	23¾	6⅞	10½	2¾	3⅝	..
Skelly Oil Corp.	42	10⅛	12⅞	2	4⅛	2⅛	†2⅞	..
Socony-Vacuum Corp.	..	..	21	8⅜	10¾	5¼	6⅞	.80
So. Cal. Edison	72	40⅛	54½	28⅜	32¾	15¾	18½	2
Standard Brands	29¼	14⅛	20½	10½	14	8⅜	9¾	1.20
Standard Gas & Elec. Co.	129¼	53⅛	83⅜	25⅛	34¼	7⅝	10⅛	2
Standard Oil of Calif.	75	42¼	51¾	23⅛	27¼	15⅛	18¼	2
Standard Oil of N. J.	84⅞	43½	52½	26	31½	19⅞	24	*2
Stewart-Warner Speedometer	47	14¾	21⅞	4¾	6⅝	1⅞	†2	..
Stone & Webster	113⅜	37½	54⅛	9⅞	15⅛	5	5¼	.50
Studebaker Corp.	47¼	18⅛	26	9	13¼	2⅛	3⅛	..
T								
Texas Corp.	60½	28¼	36¼	9⅞	13⅞	9¼	9½	1
Texas Gulf Sulphur	67⅜	40¼	55¾	19⅛	26¾	12⅛	12½	2
Texas Pac. Land Tr.	32⅜	10	17⅝	4¼	6½	2½	2¾	..
Tide Water Assoc. Oil	17¾	5⅞	9	2⅛	3½	2	†2⅛	..
Timken Roller Bearing	89¼	40⅛	59	16⅛	23	8½	8¾	1½
U								
Underwood Elliott-Fisher	1[illegible]	49	75¾	13⅜	23½	8½	†8⅜	1
Union Carbide & Carbon	106⅜	52½	72	27⅛	36⅜	15⅛	16¾	1.20
Union Oil of Cal.	50	20⅛	26⅝	11	13⅞	8⅛	9¼	1.40
United Aircraft & Trans.	99	18⅜	38⅞	9⅞	16⅞	6½	7¾	..
United Carbon	84	14⅜	28¾	6⅛	14	6⅝	†8½	..
United Corp.	52	13⅞	31¼	7½	10½	3½	4	.40
United Fruit	105	46½	67¾	17½	30½	10¼	12⅝	2
United Gas Imp.	49⅜	24¼	37½	15⅜	21¾	9¼	12⅝	1.20
U. S. Industrial Alcohol	13[illegible]⅜	50½	77⅝	20⅝	31⅛	13¼	16⅜	..
U. S. Pipe & Fdy.	38¼	18½	37½	10	15½	7¼	8¼	2
U. S. Realty	75½	25	36¾	5½	8½	2	†2⅛	..
U. S. Rubber	35	11	20⅝	3½	5⅜	1⅛	2	..
U. S. Smelting, Ref. & Mining	36½	17½	25¾	12⅜	19⅞	10	†10¼	1
U. S. Steel Corp.	198¾	134⅜	152⅝	36	52⅝	21¼	22⅛	..
Util. Power & Lt. A	45¾	19¼	31	7⅞	10⅜	1½	2¼	..
V								
Vanadium Corp.	143¼	44⅜	76¾	11	18⅞	5¼	7	..
W								
Warren Bros.	63⅜	26⅜	46⅝	3¾	7	1¼	†1⅝	..
Warner Brothers Pictures	80¼	9¾	20⅜	2⅛	4⅜	½	⅝	..
Western Union Tel.	210¾	122⅛	150⅜	38½	50	12⅜	12⅞	..
Westinghouse Air Brake	52	31¼	36⅛	11	17¼	9¼	†10	1
Westinghouse Elec. & Mfg.	201½	88⅛	107⅜	22½	35⅞	15⅝	17	..
White Motor	43	21⅝	26¼	7⅜	12	6⅞	7½	..
Woolworth Co. (F. W.)	70⅜	51½	72¾	35	45⅝	22	23¾	2.40
Worthington Pump. & Mach.	169	47	106⅞	15¼	23⅜	5	9	..
Wrigley (W. Jr.)	81	65	80⅜	46	57	25¼	30	3

† Bid Price. § Payable in stock. * Including extras. ‡ Old stock.

Answers to Inquiries

(*Continued from page* 375)

Best Foods, Inc., owned and operated jointly by the two parent enterprises, is resulting in substantial savings in distribution costs of these products. As a matter of fact, recent reports indicate that profits during the first four months of the current year covered dividend requirements, and there is every reason to believe that this favorable showing can be maintained throughout the balance of 1932. Profits in 1931 equalled $1.73 a share after preferred dividend requirements, compared with $3.51 a share in 1930. Financial condition of Gold Dust at the close of last year was very strong, cash and marketable securities alone amounting to $9,017,193 while total current assets amounted to $20,119,779 against total current liabilities of $4,822,399. With the retirement of the balance of the company's funded debt last year, the sole capital obligation ranking prior to the common stock consists of 61,160 shares of $6 cumulative preferred stock. Although earnings are likely to remain restricted during the medium term, the sacrifice of present holdings at current deflated levels is unwarranted when consideration is given to the potentialities of the company over a period of years.

Millions Can Be Saved in Unification of Railroad Facilities

(*Continued from page* 363)

earnings, as well as facilities, on this group of European roads are confident that the economies that will be effected ultimately will run into many millions of pounds annually. It would be well for some American railway executives, who have been opposed even to giving trackage rights over a few miles of line to a competitor, to realize that under the plans worked out for the European roads in question, the competitive traffic, and likewise the earnings are to be pooled. Those who have the matter in hand are not fearful, according to London cable dispatches, that this will result in a monopoly of railroad traffic and service and a material increase in rates.

According to the latest advices from London, it is expected that within a comparatively short time the four-group railway will function, to all intents and purposes as one great transportation body that will be administered by a central board.

Someone might suggest that this is virtual government control if not ownership of the railroads. There was a time in this country when pooling was indulged in freely by the railroads. In due time the practice came under the ban of the law and for many years thereafter the mere mention of the word "pooling" was made in railroad circles only under the breath. In the past few years, with the serious losses in traffic that have taken place and the coming of new mediums of transportation, there has been a much more liberal attitude with respect to the idea of pooling, or if more polite words are wanted, unifying and coordinating of facilities. The Sherman anti-trust law that was so much in evidence 25 to 30 years ago, and which made any steps of this kind illegal, has scarcely been mentioned since the business depression in this country set in following the 1929 boom.

A few roads have done something toward exchanging trackage and other facilities with competitors, but this movement has not really started in a general way. The St. Louis-San Francisco and Missouri-Kansas-Texas are doing it with regard to short stretches of line. It should be carried much further and become general, not only with respect to the use of tracks, but of terminals and probably of freight cars.

It would not be necessary for American railroads, at least in the near future, to go to the extent that the British and Scottish roads have done and pool traffic and earnings as well as facilities, but as already indicated, they could take highly important and comprehensive steps in this direction, all of which would be under the supervision and regulation of the I. C. C., as all outstanding features of railroad operations in this country have been for many years.

Not long ago a comprehensive outline was given in this magazine of a plan, championed by Fred W. Sargent, president of Chicago & North Western Railway, for using the Railway Express Agency, which is owned by the railroads, for the collection and distribution of less than carload freight. On June 25, the Pennsylvania and Reading systems led the way in the East by putting into effect for the collection and delivery of this classification of freight between Philadelphia-Camden territory and Atlantic City and Ocean City, N. J.

This plan contemplates a complete freight service, from the plant of the shipper to the door of the receiving room of the consignee. Employees of the Railway Express Agency will collect the shipments by truck and load them into railroad cars for the haul to destination, where Express Agency trucks will make delivery direct to the consignee.

This is a service that should be, and is likely to become general on the railroads. It may not be fully adopted in New York City at an early date, because the Van Sweringens, who own control of the Erie Railroad and the U. S. Trucking Corp., are understood not to be in favor of it, for obvious reasons. No more effective way could be found for the railroads to overcome the competition of motor trucks for less than carload freight.

This movement toward the consolidation and co-ordination of railroad facilities, both within the limits of individual roads and systems, and as between competing lines, is in its infancy. It is bound to go much further, and probably with notable rapidity. The whole movement is of vital importance to owners of railroad securities. Unfortunately it is too young to make possible the giving of definite figures as to the economies that will be effected. It may be safely assumed that it will represent millions of dollars annually.

Investors' Problems in Receivership

(*Continued from page* 351)

and the like. The holder of the usual debenture discovers to his chagrin that he is accorded no greater right than that of the general creditor. Conflicts are not infrequent between the various classes of stockholders, a common point of disagreement being as to whether profits earned but not declared out as dividends shall be allocated to the preferred shares as against the common. Running through all of this is the knowledge, disturbing to all except the bondholder, that after the latter has exhausted his security the stockholder becomes an unsecured creditor for the balance and shares equally with all other unsecured creditors in the remaining assets. It is the common stockholder whose problem is hardest, since, as the owner of the presumed, ultimate equity of the business, he stands last in the order of priorities.

Whether he and other security holders are justified in making further expenditures to save their investment calls for calm, calculating thought. The important factors for decision are whether the trouble has been brought about by incompetent management, or failure to adjust to changed conditions, or fraud, or economic developments generally that make the business no longer profitable. The decision necessarily turns upon the ascertained facts pecu-

liar to each case. The investor must determine whether to be resigned to his loss, or to accept his share if any of the upset price, or to attack the reorganization plan in an endeavor, either alone or with others, to improve it or establish another, or finally, accepting the plan, to surrender his securities in the old company for securities in the new in the hope that the scaling down of fixed and operating charges and general economies under new management will enable the business to weather the storm and restore the value of his investment.

These very conflicts of rights between classes of securities should greatly influence the attitude toward a protective committee. It is plain that a committee is ill-advised, and will command little confidence, if it attempt to represent more than one class of security unless it is clear beyond question that no conflict can arise between those classes. Not infrequently certain of the committee members have had to do with the previous marketing for the same company of other issues that may come into conflict with the claims of the single security the committee is presently representing; or have had to do with the internal operations of the company against the officers of which claims of personal liability for waste or mismanagement might be disclosed if impartially investigated. Are these facts likely to lead to a divided loyalty?

Yet may not these facts afford the very reason for confidence in the committee, usually men of recognized standing, whose intimate knowledge of the situation will make possible a more efficient discharge of the duties of trust which the committee owes to the depositing security holder? The rival or "independent" committee is often a valuable antidote. Somewhere between the clashings of both committees is likely to be found the compromise plan that is best for all.

Taxation Crisis Approaches

(Continued from page 356)

temporary, that government economy will after a reasonable time be set in order and that borrowing will cease? It cannot be an endless process without bringing disaster. We have been assured by politicians that on this problem 1932 would constitute the turn, that the budget would be balanced for 1933. Yet present indications point to a deficit of at least 500 to 1,000 millions for 1933, and it may prove to be more. How long can business men and investors confidently hope for a vague, future retrenchment as the Government goes on slipping deeper into the hole of debt?

To any government, including the strongest, only three courses are open. The first is taxes. These in the United States have already been raised to a point that is economically destructive and at which the danger is that higher specific rates of taxation—at least in their present form—will tend to lower aggregate revenues. To go beyond this is to confiscate not income but wealth.

The second course, to which we have already made heavy resort in this depression, is to borrow. Here, too, there is a limit, for there is no insatiable investment appetite for unlimited bond issues of a government, which, in the mere act of borrowing, confesses that it cannot support its obligations out of income. How near we are to this limit remains to be seen.

The third course is merely the printing of paper money. It is necessarily and invariably disastrous, but the practical point is that any government which has followed the first two courses to their limit has no option whatever but to take the third. It is toward such an automatic inflation, entirely beyond the will of the people or their leaders, that present governmental policies are carrying us, along with various other governments of the world. The end of the road is a complete and utter currency collapse, wiping out the debtor class. If we have any cause to rejoice it is essentially that we are not so near the edge of the precipice as others.

Even more is involved. As to the principles of democratic government, we are today trying unprecedented experiments. None knows to what they may lead, either in failure or success. The Government is spending billions in relief for the farmer, for relief of insolvent banks, for relief of impoverished railroads, for relief of unemployment both directly and through costly construction programs. What intelligent investors think of this tendency is clearly demonstrated by the weakness which recently swept over an already deflated stock and bond market upon the overwhelming Senate vote in favor of the 2,300-million-dollar Wagner "relief bill," which involves a Federal bond issue of 500 millions.

Never has a government gambled so many billions of dollars in fields formerly regarded as the sphere of private initiative. If the present all-pervading relief program fails, it will only make worse the pains involved in automatic recourse to such ancient correctives as default and bankruptcy. If it succeeds, it can only take us dangerously far along the road to State Capitalism and to a complete rearrangement of our economic and social order.

There is yet time, if the American people will awaken to their danger in the next six months—if, in terms too plain to be ignored, they will at the coming election express a demand for sanity in government. The danger is that wisdom and knowledge may come only with further adversity. It is possible, given the public will, to halt further incursions of government into private business. It is possible to reduce our governmental expenditures materially. It is possible either to raise fully one billion dollars more in Federal taxation through a broad-based sales tax and the legalization and taxation of light wines and beer, or, by this means, to lighten and re-distribute the present tax load with great benefit to business.

Each such remedy needs only sufficient public support. Given that support, our budget can be definitely and safely balanced for 1933. Regardless of other economic problems, the establishment of such a balance would re-create confidence and, hence, inevitably constitute the turning point in our own domestic situation.

The national election and particularly the new Congress will supply the answer. Until it is given in terms politically and socially reassuring there can be no permanent economic revival.

Columbia Gas & Electric

(Continued from page 365)

mon to all enterprises today. Granted the decline in Columbia's income is greater than most utilities, it cannot be considered alarming. Bond interest and preferred stock dividends are still being earned by a comfortable margin, and while it is not believed that the downward trend in earning will stop until general conditions improve, there seems little doubt of ultimate recovery without serious intermediate difficulties.

Moreover, the general opinion today that all natural gas issues are highly speculative does not hold in regard to Columbia Gas & Electric. It is this opinion which is the cause of the weakness in Columbia's issues rather than any intrinsic weakness in the natural gas industry and the Columbia System itself. The greatest outlet for natural gas is in industrial consumption and home heating and it cannot be expected that consumption in either field can increase in the face of a continued decline in business activity. However, Columbia is finding more outlets and customers continually, and this progress has helped

to check the drop in natural gas consumption somewhat. On the other hand, any increase in industrial activity will result in increased consumption of natural gas to a larger extent than the decline and a goodly portion of this increase will be clear profit for the company.

To the bondholders of Columbia, we would not recommend the sale of their holdings despite the possibility of some further weakness in market quotations for the securities. On the other hand, we do not believe it advisable to purchase the bonds at the present time in view of the possibility of further weakness marketwise. As far as the stocks are concerned, there is every indication that they will continue to decline until there is some stabilization in the company's earning power or some improvement in public confidence and business. Therefore, it would seem safest to defer new commitments until market liquidation has unquestionably ceased, but the shrewd investor intent on substantial long range growth will keep an eye on Columbia Gas & Electric as a desirable portfolio candidate.

International Harvester Co.

(*Continued from page* 369)

new economies and sales-promotion plans will have upon the business of the International Harvester Co. and because no interim reports are published, nothing can be said definitely of the company's prospects during the current year. The business, however, will hardly show a material improvement over last year's and under these conditions the regular dividend of $1.80 a common share must be considered decidedly insecure.

Barnsdall Corp.

Position of the industry: Internal chaos —now showing some signs of improvement—has more than offset virtual immunity to effects of depression.

Co.'s working capital	**$3,692,339**
Cash or Governments	**915,024**

Price	Div.	Yield
$4	—	—

CONSUMPTION of petroleum products so far in the present depression has been even more stable that the much-vaunted stability of electrical consumption. This, however, has not prevented the oil industry from plumbing as deep depths as any in recent years. But the cause has been solely its own fault rather than adverse external circumstances. Reckless overproduction in both the producing and refining divisions of the industry, naturally followed by cut-throat competition, brought the business to the verge of ruin. The recent earnings statements of the Barnsdall Corp., one of the smaller units in the field, clearly shows the damage which has been done. The company's net income in 1929 was equivalent to $3.20 per share of common stock. This fell to $2.27 in the following year, while for 1931 a net loss of more than $3,200,000 was sustained. In the first quarter of the present year, further loss resulted, although it might be noted that the month of March was profitable, reflecting a measure of control over the chaotic conditions which until recently prevailed. Unfortunately, while the outlook for the oil industry in general and the Barnsdall Corp. in particular is beginning to look a little brighter from the internal standpoint, externals bearing upon the industry have commenced to lose some of their lustre. The depression has so intensified that the consumption of petroleum products instead of rising this year may register some decline. Whether, under these conditions the internal improvement can be maintained, is an open question. While not without some promise for the future, the common stock of the Barnsdall Corp. at the present time is undoubtedly more than ordinarily speculative.

Columbian Carbon Co.

Position of the industry: Hampered by the smaller demand and lower prices for carbon black and gasoline.

Co.'s working capital	**$9,148,222**
Cash or Governments	**1,279,691**

Price	Div.	Yield
$16	$3	18.8%

DESPITE the continued pursuit of an aggressive expansion policy and the effecting of drastic internal economies, the depression has not been without its adverse effects upon the business of the Columbian Carbon Co. Earnings over the past three years have been $3.02, $5.04 and $7.83 a common share respectively. In the first quarter of the current year the company showed earnings equivalent to 51 cents a share compared with $1.04 in the corresponding previous period. While Columbian Carbon is paying a regular dividend of only $3 on its common stock against $5 previously, even the reduced rate cannot be considered even reasonably assured in view of the most recent earnings statement.

On the other hand, the company has an interest in the gas line from Texas to Chicago and is delivering also a substantial volume of gas to the Columbia Gas & Electric system. This division of the business ought to show the steadily increasing income of a public utility. There are also possibilities under present conditions in the pigment field, for the company has acquired an old-established maker of magazine and book inks. With any improvement in the company's carbon black and gasoline divisions — admittedly somewhat remote—net income would undoubtedly register rapid and material improvement.

A Proposal for Currency Relief

(*Continued from page* 370)

month. This compulsory tax upon property, business and income is wholly unnecessary when our rich country has such frozen property assets against which it can issue money—money having the intrinsic worth which our gold has already purchased.

As all bonds of our Nation become due and are redeemable by money—this process of issuing money instead of bonds can be kept up to within appraised value of our government owned accumulated wealth — not resorting again to bonds until the appraised value becomes insufficient to warrant the issuance of money not the full value of gold.—FREDERICK C. MARCY, Boonville, N. Y.

Readers' Forum

(*Continued from page* 371)

bonds and other tax exempt securities? This would hit the rich and bring in millions of dollars in revenue. This would not work a hardship, as these securities are bringing in from 2 to 7% interest to their owners. It seems the burden of taxes is falling more and more on the people of the poor and middle classes. Why?—V. A. CLARK, Santa Rosa, Calif.

We believe that it would be sound public policy to put a curb upon new issues of tax-exempt bonds, with the result that over a period of years, as present tax-exempt issues matured, the total of outstanding tax-exempt securities would be reduced and finally extinguished. There is no possibility, however, of altering the status of existing tax-exempts. They were purchased on the specific assurance of tax exemption and this feature would unquestionably be protected by the courts.

What the Market Indicates for the Next Fortnight

(*Continued from page* 345)

selling season is over and the majority of companies face losses in coming months. Construction remains at an abnormally low ebb.

In view of the hopes entertained not long ago that the early months of 1932 would see the start of a turn in the tide, the recent extension of the business slump is truly startling in its proportions. For reasons which remain entirely obscure, the month of May appears to have ushered in something like a buyers' strike. This has shown up strikingly in retail sales. One of the strongest and best-managed merchandising companies, for example, suffered a sales decline of 18 per cent in May, as compared with a year before, whereas for previous months throughout the depression the decline had ranged around 8 per cent. There is no reason to believe this rate of decline in general business can continue. It may very well constitute the final slide into the valley of maximum depression.

The railroad earnings reports for the month of May, now being published, significantly confirm the deepening of depression. The first sixty-six roads to report for May had total earnings of only $11,359,000. This was not only 70 per cent under the figure of a year ago, but was a decline of 40 per cent from the April total. In short, throughout 1932 to date railroad earnings have grown progressively worse. It thus becomes apparent, regardless of governmental help, that only a nearby and basic revival of trade can banish the specter of rather general rail receiverships and reorganizations in order that the burden of fixed charges—currently supportable only by a minority of the strongest systems—can be adjusted to new conditions.

One Bright Spot

The single outstanding bright spot of the business picture is a tentative firming of commodity prices, with the result that the present average level approximates that of six weeks ago. The recent advance is the sharpest in many months. While it does not yet carry conviction of a real turn, it will bear watching.

Although it is unquestionably true that political uncertainties have for weeks weighed heavily upon the market, it becomes increasingly doubtful that the mere adjournment of Congress will have much influence upon sentiment. Little or nothing is now expected of the Lausanne Conference. The fact is that such major political issues as taxation, governmental retrenchment, tariffs and international debts are too big for early solution. They are to remain with us for some time and will certainly restrain, although not necessarily prevent, any intermediate market rally.

Middle Europe on the Brink Through France's Mismanagement

(*Continued from page* 349)

the most part small and inefficient. Even at this late date, after the lessons that she should have learned from her industrial vicissitudes during the war France has not yet learned to make special-purpose machinery. She does not even manufacture all the machine tools required in her extensive airplane industry. Inadequate organization for large production is a characteristic of French industry.

2. France is lacking in adequate commercial machinery for handling large-scale and complicated transactions. The relatively small use of bank checks is typical. This inadequacy is partly due to the national weakness in the whole field of organization, but even more to a lack of vision and to the consequences of an inveterate disposition to sacrifice the long-time benefit to the advantage of the moment. Napoleon complained that the English were nothing but a nation of shopkeepers. In a broad way that is what the French are today instead of being great merchants with lofty ambitions of power and service.

3. Despite all her efforts to become a great financial center Paris has not become an international center of monetary exchange and commercial credit. It is true that she has accumulated the second largest gold hoard in the world, but she has made little constructive use of it either for herself or the world at large. French foreign loans are frequently political rather than commercial in purpose. They are consequently unproductive of important private commercial relations of an enduring and profitable nature. France is rich not so much from the creation of wealth as from saving it. But parsimony is not high finance.

4. Inability of French national policy to separate national ends from economic affairs of private citizens. Every piece of financing, every program of foreign commercial penetration is viewed by the Quai d'Orsay as a proper occasion of some recondite political intrigue, as the nucleus of some new frame-up of foreign relations. As an imperial nation the French are simply not there. It is not their field.

The conclusion is inescapable that the present state of economic chaos in Germany, in Middle Europe, in the continent in general is due mainly to the chasm between French and German national policies, mainly brought about by the impractical, visionary and selfish French motives. The German objectives, although promotive of German political power, are economically sound and must inevitably be realized. The course of events works for them as does the German talent for efficient commercial and industrial development. The French objectives are the creations of fine-spun theories of the perpetuation of French ascendancy without regard to economic law, the true interests of other nations and even without an understanding of the vital interests of France herself.

The United States has a deep interest in the Danubian problem although our trade with that region does not exceed a total of more than 250 million dollars. We are vitally interested in seeing that area reconstructed, for the profound effect it will have on the economy of Europe.

If her natural markets were restored to Germany her troubles would begin to diminish at once and settlement of her debts would be soon possible. But even this result is not enough for France actuated as she is by fear of commercial rivalry as well as invasion. She does not desire the rehabilitation of Middle Europe for among other things it would mean a return of the commercial and artistic prestige of Vienna. There is the threat that Vienna might well vie with Paris as the luxury mart of the Continent.

It is just such foolish fears and rivalries which stand as obstacles in the path of business recovery in Europe. Our debtors there continually complain that they can't pay us their debts because they can only be paid in goods, and our high tariffs keep out the goods. If they realized the potentialities of their own continental markets they could not have recourse to that argument. They would have the resources with which to pay in cash. France and Germany will not get together and form that great team for the rehabilitation of Europe of which they are quite capable so long as they can use their debts to us and our tariffs as an alibi.

Under the circumstances we would neither benefit ourselves or confer favors upon them by deviating from our policy of insistence upon the payment of international debts and the maintenance of protective tariffs. On the contrary, by standing firmly for

New York Curb Exchange

IMPORTANT ISSUES

Quotations as of Recent Date

Name and Dividend	1932 Price Range High	1932 Price Range Low	Recent Price
Alum. Co. of Amer. Pfd. (3)	67¾	34	34¼
Aluminum Goods Mfg. (.60)	10½	8¾	8⅞
Amer. Cities P. & L. A. (3)	28½	16½	19½
Amer. Cities P. & L. "B"	3	⅝	⅞
Amer. Cyanamid B	5⅜	1⅝	2
Amer. & Foreign Pwr. War.	5	1⅛	1⅛
Am. Lt. & Trac. (2.50)	24	10	13¼
Amer. Gas & Elec. (1)	39¾	14½	16½
Amer. Superpower	4¾	1⅛	1⅝
Assoc. Gas Elec. "A" (Stk. 5%)	4¾	1¼	1⅜
Butler Bros.	2½	¾	1
Central States El.	2⅝	½	¾
Cities Service	6⅞	1¼	2⅛
Cities Service Pfd.	53⅜	10	12⅝
Commonwealth Edison (8)	129	49⅞	52
Commonwealth & So. War.	¾	1/16	¼
Consol. Gas Balt. (3.60)	69½	37¼	43½
Consol. Gas Balt. Pfd. A (5)	93	96	93
Deere & Co.	14⅞	3½	3¾
Elec. Bond & Share (6% stk.)	32⅜	5	5¾
Elec. Bond & Share Pfd. (5)	54	16½	17¾
Ford Motors, Ltd.	6⅛	2⅛	2⅝
Fox Theatres A	1⅛	¼	¼
Goldman Sachs T.	3½	1	1⅜
Gt. A. & P. Tea n.-v. (6½)	150	103¼	115
Gulf Oil of Pa.	35⅞	23	25¾
Hollinger Gold (.70)	5	3⅝	4¼
Humble Oil (2)	49	35⅝	37¼
Long Island Light (.60)	19¾	13⅞	13⅞
Mountain Prod. (.80)	3¼	2⅛	3
Newmont Mining	14½	4⅝	5¼
Niagara Hudson Pwr. (New)	14¼	8⅞	9
N. Y. Tel. Pfd. (6½)	114	98	104
Penroad Corp.	3¾	1	1⅛
Salt Creek Prod. (1)	4⅛	2⅞	3⅛
St. Regis Paper	5⅜	1⅛	1¼
Standard Oil of Ind. (1)	19¼	13⅛	18¼
Standard Oil of Ky. (1.20)	15⅞	8⅞	9¼
Swift & Co. (1)	18⅞	7	9⅝
Swift Int'l (4)	26	10	17
United Founders	2½	1/16	⅝
United Lt. & Pow. A	8¾	1¾	1⅞
United Gas Corp.	2⅝	⅝	¾

our own rights and interests we shall force France and Germany to bury their destructive rivalries, not only by uniting to restore Middle Europe and so provide work and sustenance for 70 million people, but by going on to that greater and lofty goal of a European economic entity in the prosperity of which they will both find solid rewards for surpassing any calculations of relative advantages, political or economic.

Barter Supplants Money in Battle of Business for Self-Preservation

(Continued from page 353)

premium, that is to say, advertising, with the gum.

That Saxonburg editor, mentioned above, has been instrumental in making life in his part of Pennsylvania liveable without cash. Neighbors barter with neighbors and all lug real wealth to the store to exchange for other real wealth without the tinkle of a coin or the crackle of a bill. People thereabouts are getting a lasting lesson in economics. They are learning that business is nothing but trade and that money is not wealth.

Over in England trade without money has developed a technique and in some places the authorities are reported to be encouraging and instructing the jobless in how to make their creative skill command goods and services without the intervention of money. The unemployed cobbler makes shoes and uses them to buy clothing and food. Carpenters trade services with inns for meal tickets. Washer women acquire millinery via the laundry route.

Similarly in this country, an architects' relief committee is offering to send architects to villagers and farmers requiring assistance in building and renovating edifices. For two weeks' room and board the architect will fix things up on paper to suit his hosts and then will fall to with hammer and saw. It is hoped that one job of this kind will make another and keep many an architect passably alive until the people who have all the money and all the cash again consent to let them go into service as media of exchange.

Realizing, perhaps, that plenty of money in so-called "circulation" doesn't help a situation in which everybody who gets a coin hangs onto it like grim death, Senator Jones of Washington has introduced a bill into Congress which aims at helping the unemployed "to work advantageously for themselves in the production and exchange of food, shelter, clothing and commodities."

Out in the great open spaces hundreds of thousands of men and women are now engaged in a sort of autonomous barter. That is, usually with the help of employers who can't give them jobs because they have no cash, they are trading muscle power with Mother Earth for sustenance. The employer puts up the seed and the fertilizer, provides a plowed plot of ground and invites the jobless to help themselves to forthcoming food supplies. What they can't eat on the spot, as the ancient wisecrack has it, they can. If they can't can at home they take the stuff to the local canning factory and pay the boss for the use of his equipment with a toll of two cans in ten.

A furniture manufacturer in Cincinnati has been holding his trade in the walnut and pecan belts by taking payment in nuts, for which he is able to find a market. Freshwater colleges are rumored to be taking wheat for tuition. A lumber merchant in Pennsylvania is taking chickens and eggs on slow pay accounts. Farmers have always traded work with each other; now it is becoming an organized practice. Thousands of city people have retreated to the country for bed- and-board jobs, with some congenial society to boot—both ways. About 750,000 farm mortgages have been foreclosed in the last few years and in the majority of cases the former owner is staying on the place in return for keeping it up.

Those world traders in Germany declare that they are adaptable enough to carry on commerce under any conditions—recalling how they still did business when it took a champion at a mechanical calculator to tell how many billion marks a jackknife was worth if the last one sold brought 20 billions and the money presses had since speeded up 20 per cent. Our foreign traders haven't got down to direct barter or to a barter of exchange yet, but millions of our people are making a living or a part living by swapping. With that, plus farm self-containment, there are countless families in this America of ours who are managing to eat and sleep well in spite of the fact that they are inhabitants of the richest country in the world.

All this doesn't help business much but it contributes powerfully to the maintenance of life in that vast home market which is getting ready to go again with its characteristic vim when money returns from its vacation in safe deposit vaults—bank or homemade—and credit gets over its "pernicious anemia."

For Features to Appear in the Next Issue See Page 339

Profit Through Current Market Movements

SUBSCRIBERS to THE INVESTMENT AND BUSINESS FORECAST of The Magazine of Wall Street are fully prepared to take advantage of intermediate market swings. They are guided at all times in maintaining a sound position, expanding or contracting their commitments, in anticipation of the strength or weakness of the list.

Minimum Capital or Equity Needed Now

With a capital or equity of $1000—at current deflated levels—you can take full advantage of our Trading Advices or Bargain Indicator recommendations. $500 is sufficient to follow our Unusual Opportunities program. Immediately on receipt of your enrollment, we will make a survey of your security holdings, taking into consideration the nearby and moderate term prospects of each issue as well as its technical and fundamental merit and advise you, in our opinion, what you would profit most by continuing to retain and what to close out or switch. You will be entitled to these consultation privileges throughout the entire term of your subscription, the only restriction being that you limit each inquiry to 12 issues.

It is easily possible, therefore, to use your present security holdings as the basis of a conservative and aggressive campaign under our guidance to recover your losses and build up your account.

Subscribe NOW! Get Complete Service FREE Until the Next Two Million Share Day!

ATTACH your remittance to the coupon below and mail — today. Your subscription will be started at once but not date as beginning until the next two million share day on the New York Stock Exchange.

This liberal offer will enable you to put your present security holdings in order through our consultation privileges—familiarize yourself with our distinctive methods—and take advantage of current market swings through our definite advices.

The last two million share day was April 8 and many investors and traders are awaiting similar activity before availing themselves of the counsel provided by the FORECAST. Why wait when under this arrangement, you will get our complete service FREE in the meantime.

This Complete Service for Six Months Only $75

(a) ***Trading Advices*** following the intermediate rallies and declines (for the purpose of securing profits that may be applied to the purchase of investment and income producing securities.)

(b) ***Speculative Investments,*** Low-priced stocks that offer outstanding possibilities for price appreciation over a moderate period. Recommended and carried in our Unusual Opportunities.

(c) ***Investments for Income and Profit.*** Sound dividend-paying common stocks entitled to investment rating, with good profit possibilities. Recommended and carried in our Bargain Indicator.

(d) ***Investments Mainly for Income*** but with possibilities for enhancement in value due to investor demand. Recommended and carried in our Bond and Preferred Stock departments.

So that you may take immediate steps to place your present portfolio on a sound and profit-pointing basis, send us with your subscription a list of your security holdings for our analysis and recommendations.

THE INVESTMENT AND BUSINESS FORECAST of The Magazine of Wall Street

MAIL THIS COUPON TODAY

July 9

THE INVESTMENT AND BUSINESS FORECAST
of The Magazine of Wall Street, 90 Broad Street, New York, N. Y.
Cable Address: TICKERPUB

I enclose $75 to cover my six months' test subscription to The Investment and Business Forecast with the understanding that my enrollment will start at once, but not date as beginning until the next two million share day on the N. Y. S. E. ($150 will cover a 13 months' subscription.)

Name ....

Address ....

City .... State ....

☐ Telegraph me collect your Trading Advices and thereafter as described in (a).
☐ Telegraph me collect your Unusual Opporunity recommendations and thereafter as described in (b).
☐ Telegraph me collect your Bargain Indicator recommendations and thereafter as described in (c).

Hamilt
ainst for
dust and
he carton
Hamilto